

The Politics of Rejection: Explaining Chinese Import Refusals

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Abstract

Health and safety standards offer a convenient means by which governments can credibly claim to be protecting the population, even while pursuing less publicly-oriented goals. In the realm of international trade, such regulatory standards have most often been studied as a method of veiled protectionism that can help nations privilege domestic industry while skirting World Trade Organization requirements of openness. Yet precisely because health and safety standards create ambiguity about their intent and are therefore difficult to punish, nations may be incentivized to use them for goals that extend well beyond protecting domestic industry. In particular, we theorize that governments will, at times, enforce regulations in ways intended to exact political retribution. In order to show this, we collect and translate original data on import refusals by Chinese border inspectors between 2011 and 2019. Though ostensibly intended to keep dangerous products out of the hands of Chinese consumers, we demonstrate that import refusals have systematically been used by the Chinese government as a way to punish states that act against China's interest.

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1 Introduction

Health and safety standards are an important tool for governments seeking to protect the population from dangerous imports. Yet, these measures can also be abused, leveraged by policymakers to impede trade under the guise of protecting the public. The potential for regulatory barriers to act as a form of protectionism in disguise has long led scholars to pursue explanations for them that focus on domestic industries, which stand to benefit from the reduced competition (Gulotty, 2020; Kono, 2006; Perlman, 2020, 2023). This paper investigates a less explored explanation for regulatory barriers, showing that governments may use the enforcement of health and safety measures to punish or coerce their trading partners. Specifically, we theorize that some of the same characteristics that make health and safety standards attractive to governments as a form of protectionism for industry – particularly the ambiguity surrounding their intent – also make these measures attractive as a way to retaliate against foreign nations.

In order to evaluate our theory, we look at the case of Chinese import refusals. An import refusal is the rejection of an imported product ostensibly because it fails to comply with domestic rules. Although import refusals can serve a genuine public interest, we also expect them to act as a form of economic leverage. By selectively enforcing existing regulations, importing countries are able to punish specific trading partners in ways that serve broader foreign policy goals, all while claiming they are merely protecting the population. Combining qualitative case studies with extensive original data, we demonstrate that China has systematically increased import refusals in response to political tensions.

Our findings offer several important contributions to the literature. First, we introduce an under-explored driver of regulatory barriers to trade. As mentioned previously, scholars have tended to focus their explanations for regulatory barriers on industry, typically viewing these measures as substitutes (Marvel and Ray, 1983; Bhagwati, 1988; Mansfield

and Busch, 1995) or complements (Ray, 1981) to taxes at the border. By contrast, we demonstrate that regulatory standards are also used in pursuit of non-economic goals, as a means of coercing and/or punishing foreign governments.

Second, we contribute to the substantial literature analyzing whether political tensions harm economic relations. Scholars investigating this question have arrived at divergent conclusions, with some showing that political disputes do little to dampen trade (Davis and Meunier, 2011), while others find evidence to the contrary (Davis, Fuchs, and Johnson, 2019; Fuchs and Klann, 2013; Du et al., 2017; Heilmann, 2016; Pandya and Venkatesan, 2016). Our focus on import refusals allows us to approach this question from a new angle, looking at whether political tensions lead to a trade-based response by government officials. This helps us separate out government officials' reactions to political tensions from those of other actors. Whereas trade may respond to political tensions for any number of reasons, including consumer boycotts (Weiss et al., Forthcoming), disrupted supply chains, or the redirecting of exports, our focus on import refusals helps us pinpoint one of the ways that government actors may, themselves, bring political tensions into the realm of trade relations.

Third, by showing that regulatory impediments increase in times of political tensions, we can speak to the literature on when countries remove or ease trade barriers. Understandably, this literature has largely evaluated barrier easing in the context of the World Trade Organization (WTO), asking, for example, the conditions under which the WTO dispute settlement system has proven effective (Peritz, 2020; Kucik and Peritz, 2021; Davey, 2005; Wilson, 2007; Busch and Reinhardt, 2006). By demonstrating that regulatory barriers tend to spike in the wake of political disputes, we can concomitantly understand why such barriers subsequently diminish, as these disputes are resolved.

Finally, through our focus on import refusals, we highlight the importance of looking not only at how regulations are written but also at how they are implemented. Although

much of the writing on regulatory barriers has evaluated the letter of the law (Gulotty, 2020; Perlman, 2020, 2023; Kono, 2006), the way in which the written rules are enforced can have major implications for the winners and losers across time and space. By investigating rule enforcement as opposed to just rule writing, our paper demonstrates how a given set of standards can be differentially applied in ways that serve broader and evolving foreign policy goals.

2 Why Regulatory Barriers Might Respond to Political Tensions

International trade agreements, spearheaded by the WTO, have proven remarkably successful at encouraging nations to reduce tariff barriers to trade. Yet, this has not prevented nations from seeking other, more subtle means of impeding imports (Kim, 2016; Kono and Rickard, 2014; Kim, 2018). Among such barriers, regulatory impediments have proven to be some of the most challenging to address, due to their significant potential to undermine trade and the ambiguity surrounding their intent. Such ambiguity can make regulations an attractive alternative to tariffs, allowing nations to protect local industry while feigning an open trading posture (Kono, 2006). We argue that in the same way that regulatory barriers can be used as a subtle means of protecting industry, so too can they be used as a subtle method of punishing or even coercing foreign nations, while minimizing the likelihood that this will result in repercussions. In the remainder of this section, we first lay out how and why governments might impose regulatory barriers as a response to political tensions. We then explain why we expect China to offer a most likely case for identifying the systematic abuse of regulatory barriers for political ends.

It is well-understood that governments at times deploy economic tools in pursuit of geopolitical goals. A substantial literature has observed how nations can take advantage of trade dependencies in order to coerce their partners (Drezner, 2021; Farrell and Newman, 2019; Drezner, 2009; Abdelal and Kirshner, 1999; Carnegie, 2014; Hirschman, 1980;

Keohane and Nye Jr, 1973). The most commonly discussed coercive economic tools are sanctions, though scholars have also found that tariffs can be deployed as geopolitical weapons (Kim and Margalit, 2021). The use of sanctions or tariffs as a method of coercion has the obvious appeal of imposing substantial and unambiguous economic pain. At the same time, such measures have a drawback: because they may run afoul of international agreements, they could lead the target to respond in kind, while also potentially encouraging the aggrieved party to sue under the WTO (Davis and Meunier, 2011).

By contrast, a more subtle regulatory response can accomplish the same geopolitical goals, while making it harder for the target to retaliate legally. In addition, by offering plausible deniability, regulatory barriers can, at once, encourage the target government to come to the negotiating table, while giving that government political cover to avoid nationalist backlash for doing so. These suppositions become more concrete if we consider a specific type of regulatory impediment that is the focus of this study and that offers a particularly convenient means of retaliation: import refusals.

As mentioned in the introduction, an import refusal is when an importing country rejects a foreign product at the border. Ostensibly, such refusals result from the seller's failure to abide by domestic health, safety, or environmental requirements. In other words, they are supposedly meant to reflect the objective enforcement of existing standards. Such refusals are a regular occurrence across importing nations¹ making it challenging to say for any given refusal whether the product truly posed a problem or whether it was rejected for other reasons.² This gives the rejecting country cover under WTO law should they choose to use refusals for political ends. Not only can the government always claim that an import was defective, a claim that may be hard for the exporter to refute regardless

¹In the United States, for example, regulatory agencies refused nearly 13,000 food, livestock, and poultry shipments in 2021 (U.S. Department of Agriculture, 2023; U.S. Food and Drug Administration, 2023).

²Some scholars have suggested that refusals reflect hidden protectionism (Baylis, Martens, and Nogueira, 2009; Grundke and Moser, 2019).

of whether it is true, but through more rigorous enforcement of existing regulations, the importing government can increase the number of identified violations, allowing them to punish the exporting country without relying upon fabricated infractions.

To expand on this latter point, even a wealthy importer, such as the United States, only inspects 1 to 2 percent of imports (Ahn and Rhodes, 2021). In addition, even when an inspector discovers a deficiency, she may decline to reject the import. For example, in the case of minor paperwork errors, the inspector may decide to overlook the problem or let the exporter correct it. By the same token, if an importing country wanted to increase the number of rejections, all they would need to do is increase the percentage of products subject to inspection or enforce the law more strictly against particular goods. By doing so, they could generally increase the number of refusals, all while technically only rejecting imports that fall afoul of domestic regulations.³

At the same time, a sudden and dramatic increase in refusals is unlikely to go unnoticed by the affected industry, which is also likely to determine that the increase is unrelated to a change in quality. If the surge in refusals follows on the heels of a major political squabble between the two countries, the impacted producers are eventually likely to reach the conclusion that their ill fortune is caused by the precipitating political event. This should then lead the harmed industry to lobby the exporting government to resolve the dispute, thereby giving the import-refusing country political leverage against its target. In addition, to the extent that the import-refusing country is seeking to win concessions while avoiding further escalation, the lightly veiled ambiguity of refusals can help them walk an attractive line of showing resolve and generating economic pain – which ought to appeal to domestic nationalist sentiment – while allowing the target

³Notably, while an increase in inspections or the stricter enforcement of existing standards for health, safety, or environmental reasons is permitted under WTO law, the enforcement of regulations in ways that create “arbitrary or unjustifiable discrimination between [WTO] Members where the same [health, safety, or environmental] conditions prevail” (World Trade Organization, 1994: Preamble) is a violation of WTO law.

to keep its own nationalist sentiment to a simmer by claiming the refusals are purely a regulatory issue, thereby making a concession more palatable. Notably, none of this is to suggest that import refusals are, necessarily, the sole response to any given precipitating event. Rather, we view import refusals as just one tool at governments' disposal. This tool may be used separately or in combination with less subtle measures, as a way to exert added pressure while reducing additional consequences.

So when might governments use this tool? Assuming that a central goal of the refusals is to encourage the affected exporters to pressure their home government, refusals should be more likely in the face of serious tensions, in which the link is fairly obvious to impacted producers. This suggests that the probability of refusals should increase as the severity of the incident increases. The supposition that import refusals should predominantly be employed for issues that have high salience also follows from the fact that these refusals, like any form of economic punishment or coercion, have the potential to further damage relations and even alter bilateral trading patterns.⁴ This implies that governments should reserve this strategy for defending core interests.

This brings us to the question of where we are most likely to see import refusals being used as a form of political reprisal. Anecdotal evidence suggests that numerous countries have made use of such refusals or other, similar regulatory enforcement measures in pursuit of geopolitical ends.⁵ Yet when it comes to the systematic use of such a strategy,

⁴For example, Sun et al. (2021) found that a 1% increase in Chinese import refusals leads to a 4.51% decrease in import growth.

⁵For example, it has been suggested that Saudi Arabia revoked export permits for Brazilian chicken manufacturers in retaliation for the Brazilian president's decision to move the Israeli embassy to Jerusalem (Toi Staff and Agencies, 2019). India has been said to delay Chinese goods in customs during border tensions (Kalra and Shah, 2020), while, in an apparent tit-for-tat South Korea and Japan removed each other from fast-track customs status amidst deteriorating relations, with Korea, for its part, blaming the move on "problems with export control measures" in Japan (Leussink, 2019). Likewise, Sudan has refused entry to Egyptian food products for "health reasons" in what Egyptian exporters and others interpreted as a reaction to political tensions (Knecht and Abdelaziz, 2017). Finally, Russia has rejected a large host of European and U.S. agricultural shipments for supposed sanitary reasons in the wake of E.U. and U.S.-led sanctions (Demirjian, 2014).

covering a wide range of trading partners, we expect China to be in a league of its own. We expect this for several reasons. First, an important factor for any country seeking to leverage non-tariff measures for geopolitical ends is likely to be market size: If the goal is to impose economic pain and thereby win concessions, this is far more likely to be effective if it is utilized by an important destination market for the target country. This holds for obvious reasons and is consistent with the broader literature on economic statecraft (Hirschman, 1980; Abdelal and Kirshner, 1999; Keohane and Nye Jr, 1973). If a nation that comprises only a tiny fraction of its partner's export market begins refusing exports, this will have little impact on its partner's economic fortunes. By contrast, if an important destination market begins rejecting imports, the impacted nation may face substantial harm to its economy, alongside an outcry from those impacted. At the same time, an economically dominant nation is less likely to be hurt itself, by its use of import refusals, particularly when the strategy is leveraged against a smaller partner or against products that can easily be acquired from alternative sellers. As the second largest importer in the world, China has an almost unsurpassed ability to throw around its economic might vis-à-vis nearly every one of its trading partners.

Second, as an autocracy with the highest percentage of state-owned enterprises in the world, China is particularly well-positioned to weaponize trade dependencies, while largely skirting domestic political fall-out or excessive push-back from importing business, factors that may contribute to China's use of economic coercion more broadly. China's autocratic structure may also mean that bureaucrats will be more responsive to signals from the central government. Previous research has shown that bureaucrats in autocracies are more likely to prioritize loyalty over competence (Egorov and Sonin, 2011), potentially making them more willing to enforce the law in accordance with the executive's wishes. Moreover, research on China, specifically, has shown that local leaders have career incentives to demonstrate their nationalistic support for central government

positions, including by engaging in economic harassment of foreign firms (Miura, Forthcoming). We expect that, in similar fashion, local Chinese bureaucrats can ingratiate themselves to their superiors by punishing firms from countries for which the central government has indicated, either explicitly or implicitly, economic punishment would be viewed favorably.

Finally, China's accession into the WTO means that, on paper at least, it is bound by international law not to use its trade policy in a discriminatory way. This suggests that, in accordance with the theory, China may have incentives to dissemble in its use of economic levers. Indeed, China has already experienced the WTO's bite in some of its previous, overt attempts to leverage its trading power. For example, in 2010, following a series of maritime disputes with Japan, China halted shipments of rare earths to its East Asian rival (Bradsher, 2010). In response, Japan, together with the European Union and the United States, challenged China in the WTO, winning a ruling against China in 2014. Some have suggested that experiences such as this one have made their mark, encouraging China to respond in more subtle ways in the course of subsequent disputes with Japan (Harrell, Rosenberg, and Saravalle, 2018) and, presumably, others. A recognition that more overt methods may be challenged in international fora thus could encourage China to view import refusals as an attractive means of wielding its transnational influence.

In other words, while China may not stand alone in its enforcement of regulatory measures for coercive ends, the combination of its market size, political characteristics, and WTO membership status, means that it likely stands the tallest. This leads to our central hypothesis: Import refusals in China should increase in the wake of significant political tensions touching on China's core interests.

3 Evaluating Evidence of Regulatory Coercion

In order to evaluate whether China has indeed weaponized import refusals, we begin with two case studies. The cases help illuminate what a strategy of leveraging import refusals might look like, while also shedding light on what China hopes to gain.

3.1 A Case of Bad Bananas?

On March 25, 2016, China's state-affiliated newspaper, the People's Daily, tweeted out images of individuals in hazmat suits alongside piles of bananas. The text of the tweet read, "35 tonnes of Philippine bananas worth \$33k are destroyed in S China's Shenzhen border Fri for high pesticide residue." The tweet is notable for several reasons. First, while the destruction of contaminated imports is not uncommon, publicizing that destruction is. Second, by publishing the tweet in English, the newspaper ensured it would be seen by a broader international audience. Third, the destruction of bananas occurred against the backdrop of an ongoing dispute between China and the Philippines in the South China Sea. Finally, the destruction seemed to be part of a pattern of China rejecting Philippine fruit, particularly bananas, during times of heightened territorial tensions.

The earliest notable instance of rejected bananas occurred in March 2012, this time with accusations that the bananas contained pests. In the weeks and months that followed, banana rejections accelerated, joined by rejections of other valuable fruit shipments from the Philippines, all for supposed sanitary reasons. Despite Chinese claims that the rejections reflected quality issues, much of the news reporting at the time highlighted suspicions from Philippine fruit growers and others that there was more to the story. A Washington Post headline, for example, stated "In Philippines, banana growers feel effect of South China Sea dispute" (Higgins, 2012). Likewise, an Australia Network News ran a story with the headline "Banana crisis blamed on Philippines-China dispute" (West, 2012).

The dispute in question centered on a set of contested islands known as Scarborough Shoal, islands which China has long claimed as part of its territory. The dispute came to a head in 2012, following a confrontation between Chinese fishing boats and a Philippine warship. A few weeks prior, China had rejected a small shipment of Philippine bananas, an event that, itself, was unremarkable. Yet as tensions heated up, rejections skyrocketed. One newspaper quoted the executive director of the Philippine Banana Growers and Exporters Association saying, “We’re being harassed. We’re being bullied by Chinese authorities by imposing very strict quarantine on every shipment of Philippine bananas entering China ports.” The individual went on to note that “A newly-implemented procedure by Customs Immigration and Quarantine (CIQ) in the mainland, requires inspection of every container van in every banana shipment coming from the Philippines. . . If just a single pest or insect is found in a carton box, the whole container will be rejected, sent back to the Philippines, or dumped by the Chinese government into the sea” (Thai News Service, 2012).

At the time of these rejections, China represented the second largest export market for Philippine bananas, making China’s actions extremely costly for growers, who began to pressure their government for a resolution. With bananas representing the nation’s second largest export, this translated into the mobilization of an industry with substantial political heft. According to one news source, “Related [sic] industries complained the Philippine government [was] mishandling the territorial dispute with China, which has put them in an awkward position” (Morning Whistle, 2012). Another contemporaneous report noted, “Philippine businesses are calling for a quick resolution to the month-long stand-off with Chinese ships in the South China Sea, warning that a prolonged political impasse could. . . cost thousands of export-related jobs” (Landing and Kwong, 2012). Other reporting was even more blunt. One story titled, “Filipino traders blame govt for banana dispute with China,” cited banana traders explicitly criticizing the Philippine gov-

ernment's decision to treat the Scarborough Shoal dispute as a sovereignty issue in the first place (The Nation, 2012).

At the same time, not all agreed or chose to acknowledge that the rejections were political. As the Washington Post article, cited previously, observed, "The government in Manila, eager to end a tug of war with China that it has little chance of winning, has not publicly disputed Beijing's assertion that the collapse of banana exports to China is due to health concerns, not politics" (Higgins, 2012). Several other news sources cited a Philippine palace official claiming "that the earlier rejection of the fruit shipments by China was not connected in anyway with the two-month old impasse over the Scarborough Shoal" (Daily Tribune, 2012). Rather, this official argued, concerns had been raised by Chinese officials about insect-infested banana imports even before the current standoff (The Nation, 2012). Moreover, because the first rejection occurred just prior to the naval confrontation, it muddied the waters, making it more conceivable (as China and some Philippine officials claimed) that the timing was coincidental. The result was that China retained plausible deniability, while scoring a political win: With banana growers convinced of a connection between their export woes and the dispute, they put pressure on their home government to move towards a resolution. The Philippine government, meanwhile, was able to tamp down nationalist pressures to escalate (Landing and Kwong, 2012) by claiming the refusals were warranted.

Nonetheless, the Philippines case is merely one anecdote. Questions, therefore, remain regarding whether the refusals were truly political and, more importantly, whether such behavior has been systematic. In order to answer these questions, the next section introduces a second case to demonstrate that China's actions fit a pattern. We then bring in more comprehensive data to show that political tensions can offer a systematic explanation for refusals.

3.2 Unqualified Cosmetics and THAAD

In July 2016, South Korea deployed a US terminal high altitude area defense (THAAD) missile system in response to North Korean missile threats. With China perceiving the system as a threat to its own security, this brought the bilateral relationship between South Korea and China to an unprecedented stalemate. While overall trade flows between the two countries remained largely unaffected, South Korean firms reported significant disruptions to their economic relations with China. Lim and Ferguson (2022) identify, for example, a series of economic measures taken by China against South Korea, including the closure of a Korean supermarket chain, the halt of group tourism to South Korea, and the denial of government subsidies to South Korean electric vehicle batteries.

At the same time, there was a marked increase in Chinese refusals of Korean cosmetics, a fact that did not go unnoticed by cosmetics exporters, for which China represented a sizable market.⁶ Reflecting the concerns of the cosmetics industry, in January 2017, it was widely reported in the Korean media that China had refused imports of 19 Korean cosmetic products, including shampoo, body wash, and lotion. Although China's justifications for these rejections varied from changes in ingredients to labeling and packaging violations, the rejections were generally interpreted by the Korean media as "part of economic retaliation by China" amid tensions over Korea's decision to deploy THAAD (Yoon, 2017). At least some in the cosmetics industry also made the connection and began expressing their desire for a resolution, thereby putting increased pressure on the Korean government. For example, one business owner was quoted anonymously as saying, "We are very concerned about his [the South Korean president's] visit [to China] and hope for a better result for the two countries" (He, 2017). Other business leaders were less muted in their responses, with newspapers citing anonymous business owners directly rebuking the Korean government for its failure to protect businesses from Chinese retaliation

⁶At the beginning of the THAAD dispute, China accounted for more than 40% of cosmetics exports.

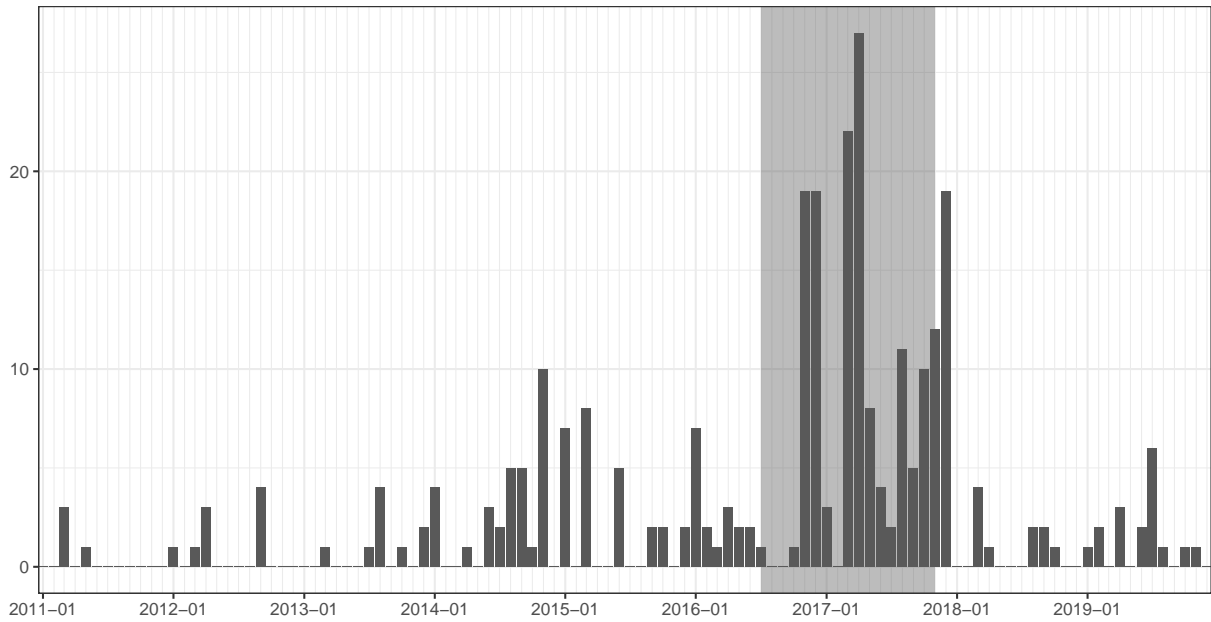
(Kyung-ho, 2017).

Around the same time that Korean cosmetic producers were facing Chinese trade impediments, Korean agricultural and food producers similarly began experiencing a surge of refusals. The Ministry of Agriculture, Food and Rural Affairs and the Korea Agro-Fisheries and Food Trade Corporation published a report observing that the number of food refusals increased by 280% in March-April of 2017 compared to the same period of the previous year. The majority of rejected food products were cited for violating labelling and packaging rules, but there were also cases of supposed overly high pesticide residues and incorrect documentation. On paper, China's food regulations remained unchanged. Yet, a local business source noted at the time, "In the past, minor labeling issues only required slight changes before they were allowed through, which is not the case at present" (The Korea Herald, 2017). This suggests that China was, on the one hand, actually identifying at least some violations and rejecting imports accordingly. On the other hand, if the business source is to be believed, China was also deliberately increasing enforcement against Korean products in a way that was likely discriminatory.

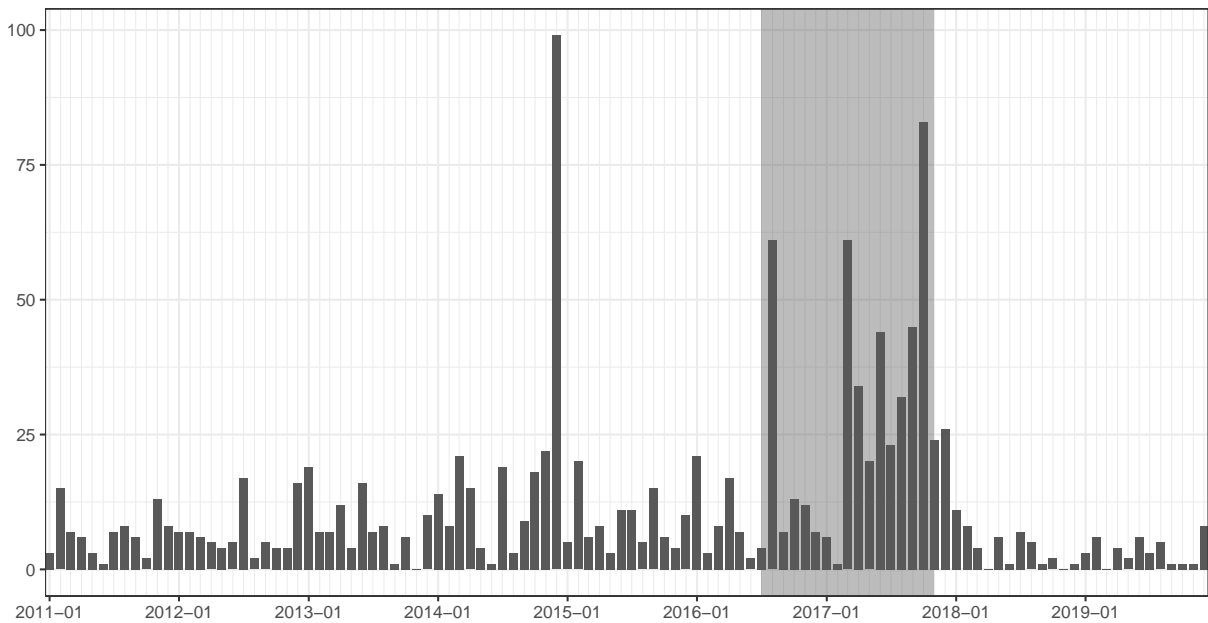
Our own data (which we elaborate below) confirm that South Korean cosmetics and food products experienced a surge of Chinese refusals during the dispute. Figure 1 displays the monthly count of import refusals of cosmetics (upper panel) and food (lower panel) from 2011 to 2019. While China rejected South Korean products even before the dispute, the two panels seem to show a sharp increase in rejections of both cosmetics and food during the height of the crisis.

Nevertheless, the Chinese government opted to avoid any official response to accusations that they were leveraging import refusals. Chinese state-owned news media company, *the Global Times*, even published an article suggesting that South Korea media outlets "might be too sensitive over trade issues with China by connecting a simple decision from China to deny entry for some unqualified South Korean cosmetics products to the

Figure 1: Monthly Cases of Food and Cosmetics Imports Refusals, 2011-2019.



(a) Rejections of Cosmetics Imports, 2011-2019



(b) Rejection of Food Imports, 2011-2019

Note: Shaded area indicates the period from July 2016 to October 2017. China and South Korea experienced political tensions over Seoul's decision to deploy the THAAD system announced in July 2016. While the dispute over THAAD is still ongoing as of 2022, the foreign ministries of the two countries called for normalization of ties in October 2017.

deployment of a U.S. missile defense system in South Korea” (Yan, 2017). At the same time, however, there was gleeful reporting from *The People’s Daily*, the official newspaper of the Central Committee of the Chinese Communist Party, on the potential for other sorts of economic repercussions to befall Korean firms (Boya and Hong, 2017), and in a telling series of private exchanges, a Chinese foreign ministry official apparently warned several South Korean companies in January 2017 that their business interests in China might be harmed by the Korean governments’ actions (Clover and Jung-a, 2017).

Although the South Korean government did initially notify the WTO about China’s perceived retaliatory actions in March 2017, it announced that it would not bring a case in September 2017. The South Korean government justified this decision by citing “the need for cooperation with Beijing (Lee, 2017: 1),” but it was also suggested that the lack of “specific evidence – such as official documents – that shows the Chinese government delivered such an instruction [for using trade restrictive measures]” would make the case an uphill battle (Yeo, 2017). Indeed, Beijing had been consistently claiming that “it is not subject to a complaint, since there has been no ‘governmental action’ involved,” and “there exists no evidence pointing to the Chinese government’s official involvement in retaliatory measures against the deployment of THAAD (Lee, 2017: 1).”

Taken together, the South Korea and Philippines cases offer several key takeaways. First, they demonstrate what a strategy of import refusals might look like in practice, showing how, simply by increasing enforcement or decreasing forbearance, China can ensure a rise in import refusals at convenient times. Second, they demonstrate how refusals can help China win concessions or, at the very least, embarrass the target government, by leading impacted firms to criticize their political leaders and pressure them to resolve the dispute. Finally, the cases highlight the benefits to China of using an ambiguous political lever. Not only can the ambiguity help avoid further escalation, while still contributing to economic pain, as seen with the Philippines, but it can shield China from

official repercussions, as seen with Korea.

Indeed, even while many may suspect that these refusals reflect (un)diplomatic politics, rather than safety concerns, so long as the evidence remains anecdotal, it is impossible to know whether the seeming link between disputes and refusals is partially a byproduct of increased attention on refusals during heightened tensions. Likewise, without systematic evidence, China can benefit from the ambiguity around any given set of refusals to claim that they were legitimate. This paper is an attempt to break through that ambiguity in order to determine whether political tensions offer a *systematic* explanation for refusals. The next section describes the data that we use to evaluate this.

3.3 Refusals Data

In order to study the relationship between political tensions and import refusals, we compiled monthly refusal reports published by the General Administration of Customs (GAC) – formerly the Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) – between 2011 and 2019.⁷ The reports contain 25,449 records of refused food shipments from 138 different trading partners spanning the Harmonized System (HS) chapters 02 to 32.⁸ While GAC (and formerly AQSIQ) is also responsible for inspecting cosmetics, our primary analysis is restricted to food refusals, which make up 92.66% of all refusals in our data. Unlike in the case of food, only a small subset of countries export cosmetics to China in any appreciable quantities.⁹ Considering that cosmetics refusals may follow a substantially different pattern from food refusals, due to the fact that the types of safety concerns impacting cosmetics differ from those found in food, and given the small

⁷2011 was the first full year for which we were able to collect the data and coincides with the coming into force of a major revision to China's food safety and inspection regulations. We end our analysis in 2019 to account for the start of the COVID-19 pandemic and its significant trade disruptions.

⁸These include processed meat, fish, dairy, processed edible vegetable and fruit products, beverages, and so on. Our dataset does not include bulk and unprocessed animal and plant products, which are subject to a different set of laws and which are published in a separate document, of which only an extremely limited subset was available.

⁹Our data include cosmetics refusals from only 41 different countries, of which only 20 countries have more than 10 refusals over the time period.

number of countries that export significant quantities of cosmetics to China, including cosmetics in our analyses has the potential to lead to noisy or biased estimates. Nevertheless, we show in the Appendix that our results hold for all of our primary specifications when we include cosmetics refusals.

The requirements for importing food into China are similar to those in other major destination markets. Once a product reaches a port of entry, customs officials are authorized to conduct various inspection activities, broadly categorized into three types: on-site hygiene and sensory inspection; label, packaging, and certificate inspection; and laboratory tests. Non-compliant shipments are not allowed to enter the country and are returned to the exporting country or destroyed. Similar to the Import Refusals Report (IRR) in the United States and the Rapid Alert System for Food and Feed (RASFF) in the European Union, China’s Customs tracks import refusals and publishes monthly reports on their official website. As seen in Figure 2, every refusal record, each of which we translated from Chinese to English, contains detailed information about the refused product, including product name, exporting country, name of the foreign manufacturer, ten-digit Harmonised System (HS) code, and the reason(s) for rejection.

Figure 2: Original refusals report published by China’s General Administration of Customs, June 2019

1) HS Code	2) Inspection number	3) Product name	4) Exporting country	5) Manufacturer	6) Importer	7) Importer record number	8) Weight (kg)	9) Reason(s) for rejection	10) Port of entry
2019年6月未准入境的食品信息									
HS编码	检验检疫编号	产品名称	产地	生产企业信息	进口商信息	进口商备案号	重量(千克)	未准入境的事实	进境口岸
0202200090	119000003852575-1	带骨冷冻牛肋排(3肋)	澳大利亚	YOLARNO PTY LTD	青岛新协航国际物流有限公司	3701614323	651	货证不符	上海
0202300090	119000001202089-3	冻去骨牛后腱	阿根廷	COTO CENTRO INTEGRAL DE COMERCIALIZACION SOCIEDAD ANONIMA	天津港保税区隆鑫诚国际贸易有限公司	1212000048	700	货证不符	天津
0203290090	119000001568431-1	冻猪前腿肉,去骨去皮	德国	Danish Crown A/S	上海腾德国际贸易有限公司	3116001822	23718.4	污秽腐败	上海
0203290090	119000003340998-1	冻猪小排	加拿大	Maple Leaf Foods Inc EST/7	上海其知国际贸易有限公司	3116001242	25000	货证不符	天津

Unfortunately, from a data collection perspective, China recently underwent a government reorganization that lasted from late 2017 to early 2018. During this period, import control activities that used to be conducted by the AQSIQ were transferred to the GAC. This poses a challenge, because refusals reports published on the AQSIQ website prior

to the reorganization are no longer accessible. In order to recover a larger swath of the refusals reports, we first collected all import refusals published by the GAC since the government reorganization in March 2018. We were then able to recover refusals data prior to March 2018 by searching for each refusals report individually. To do this, we took advantage of two patterns we uncovered in China's customs refusals reporting: The first was that each refusals report was titled, in Chinese, "Information on unqualified imported food and cosmetics in MM YYYY." The second was that refusals reports published before December 2017 were in an Excel format, while those published later were in a PDF format. We thus searched the complete Chinese title of each report and focused on the results with an Excel (until December 2017) or PDF (since December 2017) attachment. Using these methods, we were able to track down reports for every missing month from January 2011 to February 2018 on various websites, including those of China's state media, relevant government agencies (such as the Ministry of Agriculture), and private entities specializing in China's food import and safety.¹⁰

According to the GAC,¹¹ our data should include all refusals for food and cosmetics over the time period studied.¹² Nevertheless, there are obvious concerns about data reliability for autocratic regimes, and China is no exception. With that in mind, we have taken a number of steps to ensure data validity, while also ensuring that our data represents a comprehensive account of border refusals by China. First, for each month, we cross-verified the data against concurrent news reports on refusals published by public and private media sources inside China. We found no inconsistencies regarding the numbers or categories of refusals between the official refusals reports and public or private Chinese news articles published around the same time.

While Kim (2018) has shown that non-government owned newspapers in China are

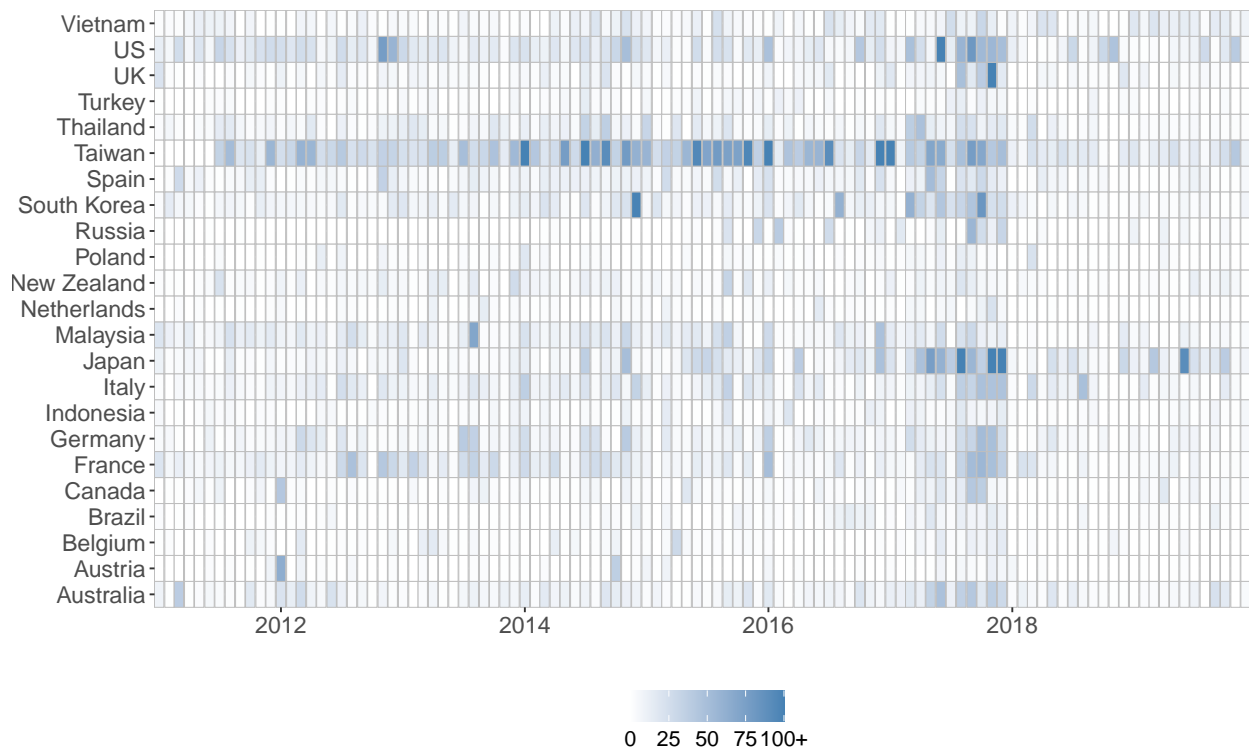
¹⁰See appendix for a full list of sources.

¹¹See, for example, <http://www.customs.gov.cn/spj/zwgk75/2706876/index.html>

¹²With the exception, as previously noted, of bulk and unprocessed animal and plant products.

far less likely to exhibit the sort of bias expected in government-owned sources, thereby justifying the use of such newspapers to verify our data, we still might be worried that private news sources in China are influenced by the government. Therefore, we also checked our data against cases of Chinese food refusals reported by reputable international sources. One particular concern is that China, wary of repercussions from exploiting import refusals as a form of reprisals, might selectively eliminate politically driven refusals from its official records. To alleviate this concern, we checked our data against cases of (seemingly) politically motivated refusals publicized by the international media. Our refusals data contain refusals records corresponding to all of the relevant incidents that we uncovered.

Figure 3: Monthly counts of food imports refusals of countries with the greatest number of food imports refusals, 2011-2019.



A final verification step that we took concerned refusals issued prior to March 2018.

Because these were recovered from a range of government and non-government websites, we were especially cognizant of reliability concerns. Therefore, for all of these earlier refusals we triangulated refusals data each month by comparing news articles from multiple websites in order to ensure the original source we had found was reliable. Whenever possible, we compared news articles from different types of websites as well. In August 2017, for example, three different types of websites – China’s state media, Xinhua; China Chamber of Commerce of Import & Export of Foodstuffs, Native Produce and Animal By-Products; and a private technology and news company, Sina – all reported that China refused 783 batches of food and 32 batches of cosmetics. Through these methods, we were able to confirm consistent reporting and recording of refusals data for each month.

Figure 3 offers a visualization of monthly counts of refusals across those countries with the greatest number of refusals during the period under study.¹³ The data demonstrates significant within-country and across time variation. As we will discuss later on, this substantial variation allows us to estimate our models using both country and month fixed effects to control for country and time-specific trends.

3.4 Political Tensions Data

Our main independent variable of interest is the level of political tensions between China and its trading partners. In order to capture this, we use the Global Data on Events, Location and Tone (GDELT) from Leetaru and Schrodt (2013). Event data are obtained from machine-coded, automatically classified news articles. Due to its ability to continuously capture bilateral relations for a broad range of actors and event types, this data has been used by numerous scholars to study political tensions (King and Lowe, 2003; Christensen and Garfias, 2018; Armand et al., 2020; Davis, Fuchs, and Johnson, 2019). In addition to being a well-established means of measuring political tensions, GDELT also has several features that make it particularly attractive for our purposes. Specifically, it is highly

¹³Summary statistics are provided in A1.

granular, covers a comprehensive set of countries by including non-English and regional sources, and is available from 1979 to the present. By contrast, alternative datasets tend to cover a significantly shorter time period or use a much smaller range of sources, which leads to omissions of smaller-scale tensions among non-Western parties. Nevertheless, we are cognizant of the fact that because GDELT relies on machine coding, it can introduce undesirable noise into the data. Because of this, we spent significant time going through the GDELT-identified events and evaluating the accuracy and coverage against a wide range of alternate sources, including ones that only covered a shorter time frame. This exercise made clear that although GDELT does indeed introduce some noise, which, if anything, is likely to lead to an underestimation of our coefficients, there is also no other data source that we have identified that comes close to capturing a commensurately comprehensive swath of political events, as they relate to China. In fact, unlike GDELT, all other sources that we evaluated completely omitted many of the precise types of events that our theory predicts would be most likely to lead to import refusals.

The GDELT dataset contains information on a variety of politically relevant events. Each event is accompanied by key information, including the date and time that it took place, the identities of the actors, and the type of event that occurred, coded according to the Conflict and Mediation Event Observations (CAMEO) Codebook (Gerner, Schrodtt, and Yilmaz, 2008). Events are categorized as conflict or cooperation, with more disaggregated codes indicating more detailed categories. Each event is additionally weighted by a “Goldstein score,” which assigns intensity scores between -10 and 10 . Conflict events have negative Goldstein scores, and cooperation events have positive ones, with more severe conflict events having more negative scores.

To construct a measure of political tension, we first subsetted the data to only include conflict events between China and another country. Given that China highly values its economic performance, we expect that, consistent with the theory, China is most likely to

use import refusals in cases in which it has a core interest at stake. Previous policy work on China has found that issues that typically act as “red lines” for China are sovereignty, national security, and territorial disputes (Adachi, Brown, and Zenglein, 2022). Indeed, these are precisely the sorts of core issues that would fall within the purview of the theory. The two case studies also support the expectation that China uses import refusals in response to political tensions involving sovereignty, national security, or territorial stakes. Because of this, we focused on conflict events involving military actors on either side.¹⁴ It should be noted that because the definition of a “military actor” in the CAMEO Codebook includes a broad range of entities, from troops and soldiers to all state-military personnel and equipment, our focus on political conflicts involving military actors includes a wide variety of event types, including many episodes far short of actual war. While as expected, China’s maritime disputes with the Philippines in 2012 and its tension with Korea over the deployment of the THAAD missile system are included, other smaller-scale tiffs are also present, such as an incident in 2017 when Japan accused China of violating its airspace during a military drill, rising China-Canada tensions in 2018 when China was accused of harassing Canada’s air patrols off North Korea, and a case in 2019 when Australian navy pilots blamed China’s maritime militia for laser attacks in the South China Sea. Theoretically, these are the very types of events that we expect are most likely to lead to Chinese retaliation.

For each country-month, we constructed a measure of political tension, *Goldstein Conflict Score*, by summing the absolute values of Goldstein scores of conflict events.¹⁵ We exclude events related to trade, business, and economics to avoid endogeneity (Li et al.,

¹⁴This is not to suggest that China never resorts to import refusals in response to non-military tensions (they undoubtedly do). Rather, it is to say that events involving military actors are where we are most likely to see a *systematic* trend.

¹⁵We take the absolute values of the negative conflict scores to facilitate interpretation of the regression coefficients.

2021).¹⁶

3.5 Estimation Strategy

Utilizing our import refusals data, we estimate the following linear regression model:

$$Y_{it} = \alpha + \beta \log(\text{Conflict Score})_{it-1} + \theta Z_{it-1} + \lambda_i + \gamma_t + \epsilon_{it} \quad (1)$$

where the dependent variable Y_{it} is the number of food import refusals from foreign country i in month t . Consistent with the literature (Grundke and Moser, 2019; Baylis et al., 2022), we use the number of refused shipments to measure the intensity of import inspection and refusal. Each refusal signifies an individual action taken by customs, and thus the number of refusals effectively captures the amount of effort exerted by officials in order to reject shipments. Additionally, it is often the number of refusals, rather than the specific weight or value of the refused product, that is reported in the media, suggesting that a surge in the number of refusals is what is most likely to draw attention and make a point. Finally, higher numbers of refusals are more likely to impact multiple firms, firms which are then more likely to conclude that their combined ill fortune is not related to quality, leading them to lobby their government collectively for a resolution.

We are primarily interested in β_1 , the coefficient on *Conflict Score*, which we expect to be positive and statistically significant if China punishes a foreign country with which it has political tensions by increasing import refusals. To recall, our measure of *Conflict Score* is the monthly sum of Goldstein scores over all negative events involving military actors. As the distribution of this measure is highly skewed, we take the log to smooth the distribution. We also lag this measure by one month to account for policy delay and to mitigate endogeneity concerns.

¹⁶See A1 and A2 for illustrations of what these scores look like across time for countries with the highest political tensions (A1), as well as how these scores map onto actual refusals in the previously discussed case of Korea (A2).

We also include a series of lagged controls, denoted by Z_{it-1} . First, we control for the logged count of susceptible animals in the wake of an animal disease outbreak in exporting country i in the prior semester, as this may drive any increase in Chinese refusals. Since countries regularly try to limit imports of diseased animal products, and given many of the products refused in our dataset are animal products, a plausible reason for any increase in refusals could be the existence of an animal disease outbreak in the exporting nation. In order to account for this possibility, we control for outbreaks of a subset of animal diseases that tend to play a prominent role in trade restrictions.¹⁷

We additionally control for the volume of food imports from country i . Due to the sparseness of monthly product-level import data, we control for the logged volume of annual food imports from the previous year using annual data. Finally, we include country and time fixed effects to account for geographic and temporal variation.

In addition to the linear regression model specified above, we also estimate fixed effects Poisson models and two-part models. For non-negative outcome variables with right-skewed distributions and a significant share of zeros, Mullahy and Norton (2022) demonstrate that linear regression models on the untransformed outcome variable, Poisson regression, and two-part models yield correct marginal effects. The fixed effects Poisson regression with robust standard errors gives the fully robust estimator of the conditional mean parameters (Wooldridge, 1999).¹⁸ Two-part models allow separately estimating the extensive margin (zero versus non-zero outcomes) and the intensive margin (the variation among non-zero outcomes). We estimate the extensive margin via probit models and the intensive margin (the intensity of food imports refusals) via linear regression

¹⁷See Appendix for additional details

¹⁸Despite a potential concern about the problem with overdispersion in the data, fixed effects Poisson regression estimators with robust standard errors are not vulnerable to overdispersion. Fixed effects negative binomial regression, a possible alternative to the use of Poisson models, may induce incidental parameters problems (Cameron and Trivedi, 2013; Wooldridge, 1999, 2010).

models.¹⁹

4 Results

The main results, presented in Table 1, are consistent with our theoretical expectations. We present the results from the linear regression models with country fixed effects in Models (1)-(4). We begin with a simple linear regression with country fixed effects. We then add controls for the logged count of susceptible animals in the wake of an animal disease outbreak as well as trade levels (2), followed by fixed effects for year-quarter (3), or year-month (4) to account for any unobserved temporal factors that may drive variation in refusals. We present results from the fixed effects Poisson models in (5)-(8).

Table 1: Political Conflicts and Food Imports Refusals

<i>Dependent Variable:</i>								
Food Imports Refusal								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	OLS				Poisson			
<i>main</i>								
Goldstein Conflict Score	0.309*	0.194*	0.164*	0.169*	0.058**	0.048**	0.042**	0.037*
	(0.152)	(0.076)	(0.069)	(0.069)	(0.011)	(0.019)	(0.015)	(0.017)
Animal Disease Outbreak		0.143*	0.108*	0.109*		0.048**	0.013	0.013
		(0.061)	(0.051)	(0.051)		(0.014)	(0.011)	(0.011)
Food Imports		0.027	0.012	0.012		0.229**	0.296**	0.295**
		(0.025)	(0.032)	(0.032)		(0.068)	(0.098)	(0.098)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year-Quarter FE	No	No	Yes	No	No	No	Yes	No
Monthly FE	No	No	No	Yes	No	No	No	Yes
Observations	14364	12744	12744	12744	13932	12528	12528	12528

Note: ⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Robust standard errors clustered on country.

Across the models, we consistently find that China is more likely to reject a country's products following an increase in political tensions with that country. As all models contain country fixed effects, our results capture within-country variation in refusals. Our results show that a 100% increase in the Goldstein conflict score is associated with an increase of food import refusals by 0.11-0.21 according to Models (1)-(4).²⁰ This accounts for

¹⁹In the appendix, we additionally show results from linear regression models with a logged outcome variable (A3). While these results are slightly weaker, we continue to see a positive effect of political tensions on refusals, with results significant at the $p < 0.1$ level.

²⁰Calculated as $\log(2) \times 0.164$ and $\log(2) \times 0.309$, respectively.

Table 2: Food Refusals: Two-Part Model

	<i>Dependent Variable:</i> Food Imports Refusal			
	(1)	(2)	(3)	(4)
<i>probit</i>				
Goldstein Conflict Score	0.029 (0.024)	0.022 (0.023)	0.014 (0.022)	0.014 (0.022)
Animal Disease Outbreak		0.008 (0.007)	0.003 (0.007)	0.004 (0.008)
Food Imports		0.103** (0.038)	0.098* (0.046)	0.102* (0.048)
<i>regress</i>				
Goldstein Conflict Score	0.494** (0.171)	0.338** (0.126)	0.273* (0.119)	0.285* (0.131)
Animal Disease Outbreak		0.436** (0.158)	0.318** (0.120)	0.318** (0.122)
Food Imports		0.780* (0.317)	0.692 (0.512)	0.713 (0.522)
Country FE	Yes	Yes	Yes	Yes
Year-Quarter FE	No	No	Yes	No
Year-Month FE	No	No	No	Yes
Observations	13932	12528	12528	12528

*Notes: +p < 0.10, * p < 0.05, ** p < 0.01. Robust standard errors clustered on country. The top panel shows the effect of the independent variables on the extensive margin of import refusals (zero versus non-zero), while the bottom panel shows the estimated effect on the intensive margin (number of import refusals).*

a 6.5%-12.4% increase from the average of food import refusals, holding other variables constant. This constitutes a significant increase. By way of comparison, a 100% rise in the number of susceptible animals in the wake of a disease outbreak corresponds to an import refusals increase of 0.10-0.14, which translates to an increase of 4.3% to 5.7% from the average.

In addition, we estimate two-part models, which separately estimate the effects of the covariates on the extensive margin (zero versus non-zero outcomes) via the probit models and on the intensive margin (the intensity of import refusals) via the linear regression models (Belotti et al., 2015). This helps us determine whether political tensions contribute to import refusals relative to no import refusals (any versus none) or whether political tensions, instead, drive the number of import refusals. Results are presented in Table 2. The top half of the table shows the estimated effect of the covariates on the extensive mar-

gin, while the bottom half shows the estimated effect on the intensive margin. Notably, we find that political tensions are not a statistically significant determinant of whether China refuses imports, such that we cannot reject the null that political tensions have no impact on the extensive margin. Rather, on the extensive margin, we find that the volume of food imports is the key determinant of refusals. We interpret this as suggesting that some baseline levels of refusals are occurring as a result of random inspections or objectively identified safety issues. Put simply, the more products that are imported, the more likely that some will be examined and found to be problematic even if bureaucrats are applying a uniform inspection procedure, and since in most country months refusals are zero, this translates into seeing a higher likelihood of any refusal when a country exports a lot to China.²¹ This is also consistent with the fact that countries with the most exports to China generally experience the most refusals (see A2 in appendix). Yet when it comes to the intensive margin – the number of products refused conditional on any products being refused – we find that political tensions are a statistically significant predictor. While levels of trade continue to be a central driver here as well, now political tensions also come into play, such that a change in the degree of political tensions is statistically significantly associated with the intensity of import refusals.

5 Discussion

Our results offer the first systematic evidence documenting China's use of import refusals in response to political tensions. These findings not only offer a new explanation for regulatory barriers, but they help shed light on one of the potential mechanisms behind previous findings demonstrating that political tensions can lead to reduced trade (Davis, Fuchs, and Johnson, 2019; Fuchs and Klann, 2013; Du et al., 2017; Heilmann, 2016; Pandya and Venkatesan, 2016).

²¹The more cynical interpretation is that inspectors want to signal to their superiors that they are taking their jobs seriously and actually inspecting goods imported in large quantities.

At the same time, our findings raise some important questions. First, it is worth asking whether import refusals are actually an effective political tool. In order to answer this, we first need to know what the primary goal of them is. As discussed previously, we believe that China uses refusals as a way to encourage exporters to break with their home governments, thereby compelling the targeted nation to stop the behavior that prompted the refusals, to apologize for having engaged in the undesirable behavior in the first place, and/or to think twice before engaging in such behavior in the future. On the one hand, it is certainly the case that Chinese import refusals can be extremely damaging to the sectors impacted (Sun et al., 2021), and both the Philippines and Korea cases suggest that Chinese refusals can lead impacted industries to exert pressure on their governments to resolve the dispute via public discourse. Moreover, other instances of China's actual or perceived politically motivated enforcement of regulatory measures have similarly led foreign businesses to publicly encourage their governments to appease China. For example, following Australia's call for an inquiry into the origins of COVID-19 in the Spring of 2020, China responded with a range of trade restrictions, including a ban on some Australian beef for "highly technical issues" (Srinivasan, 2020). These moves led to a direct rebuke of Australian officials by some in the beef industry, with a *Reuters* article quoting one beef producer saying, "Some politicians in Australia say too much, they need to stop this rhetoric with China, especially criticism and speculation regarding the origin of the COVID 19 virus" (Needham and Packham, 2020). In fact, even prior to the ban going into effect, some business leaders loudly expressed concerns that Australia's COVID-19 inquiry could hurt economic relations and should be abandoned or postponed (Needham, 2020). Likewise, after prior bans of Taiwanese pineapple that were viewed as politically motivated (China claimed it had discovered pests on the fruit), some Taiwanese business have gone so far as to hold protests against actions they worry might lead to similar

repercussions, such as Nancy Pelosi's 2022 visit to the island (Qi and Yuwei, 2022).²² Such reactions from businesses alone could be viewed as an effective outcome of the refusals. Not only do they create a public and potentially embarrassing political divide in the targeted nation, but through industry pressure, it could lead the foreign government to seek appeasement.

On the other hand, this does not tell us whether any outcome that results will actually be more favorable to China than what it would have been in the absence of refusals. In practice, even some targeted businesses may decline to publicly scold or pressure their governments if they worry about optics or if nationalism trumps pocket book calculations.²³ Furthermore, scholars have frequently questioned whether even particularly devastating economic measures, such as sanctions, are actually effective coercive tools (Pape, 1997, 1998; Jones, 2015; Drezner, 2011). Given our findings that China is using import refusals predominantly in response to tensions involving military actors, it is unlikely that China is relying on refusals alone to coerce or dissuade military action. Instead, refusals are likely just one tool in a larger arsenal. As such, refusals are perhaps best viewed as a way to broaden the coalition in the targeted country that supports resolution or acquiescence. In addition, refusals may be a way of reminding the targeted country of China's economic might, which could also be why, at least in the two cases studied, China targeted industries that were important to the exporting country and for which it comprised a major market. Finally, as mentioned in the theory and noted in the Philippines case, refusals may help appeal to Chinese nationalists, while keeping calls for escalation from both sides to a simmer. Indeed, a 2017 *New York Times* article discussing China's retaliation against Korean products quoted a professor who studies Chinese nationalism as

²²The visit did indeed coincide with an uptick in banned and rejected Taiwanese products.

²³In the Australian COVID inquiry case, for example, it was reported that some disgruntled industry groups avoided criticizing the government out of concern "this could be used in Chinese propaganda" (Needham, 2020). Likewise, in the Korean THAAD case, those business leaders willing to scold their government largely hid behind anonymity.

saying, “The [Chinese] government has been following the same policies – fostering nationalism and then using it, but also being wary of it getting out of hand” (Hernández, Guo, and Mcmorrow, 2017).

A second question relates to who is actually behind the refusals. Do they reflect coordinated government action or, instead, the actions of individual bureaucrats, seeking to curry favor by demonstrating their nationalist credentials? To a certain degree, we are agnostic on whether politically-motivated import refusals are explicitly initiated by the central government or reflect independent bureaucrats’ responses to implicit indications that such moves would be well-received. Work by Miura (2019) suggests that in the case of the THAAD dispute, local leaders’ negative treatment of Korean firms were largely in response to “vague signals about the center’s expectations” (p. 5). We similarly consider it entirely plausible that when it comes to local bureaucrats, they are playing a central role in initiating the harassment of foreign exporters. What we consider improbable is that in an autocracy like China, refusals would not only occur but also continue without the explicit or implicit approval of the central government. Indeed, even when it comes to events with far more potential to represent grassroots organization, such as anti-Japanese protests, empirical analysis suggests that the timing and location of such protests is at least partially responsive to signals or, at the very least, assent from the state (Wallace and Weiss, 2015).

Moreover, in the current case, refusals are being carried out by government officials with clear incentives to cater to local leaders who, themselves, have incentives to cater to the central government (Qingjie and Yang, 2017). In addition, at least some of these refusals are receiving international news coverage and seem to be continuing for months. Taken together, this suggests that the government, at the very least, is signaling such measures are welcome. This supposition is further bolstered by several pieces of evidence. First, as noted in the Korean case, even when the central government has publicly de-

nied involvement, high-placed officials have not shied away from issuing private threats about the potential for economic consequences, suggesting that such consequences are both anticipated and being used as leverage. Second, Chinese state-owned newspapers have been shown to favorably report on the potential for independent citizens to “spontaneously” boycott firms from countries with which China is experiencing heightened tensions (Boya and Hong, 2017). This type of reporting not only suggests that the central government is supportive of grassroots economic retaliation, but it could plausibly be read as encouragement to both citizens and low-level officials to engage in punitive economic behavior. Third, according to our data, during the period of heightened tension between China and South Korea, refusals of Korean products took place across numerous ports, suggesting that the refusals cannot be explained by the decisions of one or two rogue bureaucrats in a specific region.²⁴ Finally, it is worth reiterating that refusals frequently lead impacted industries to pressure their home governments in ways that serve China’s foreign policy interests. Thus, whether the central government is explicitly requesting or implicitly encouraging politically motivated refusals is somewhat beside the point; in either case these refusals offer political benefits that the central government is actively exploiting.

Taken together, our findings add to a small but growing literature demonstrating how China leverages trade barriers for political ends (Kim and Margalit, 2021; Fetzer and Schwarz, 2021). As we have shown, China has used import refusals as a veiled means of punishing its trading partners. This has allowed China to largely escape the material costs of openly violating WTO rules. It has also helped China present itself as aligned with the liberal economic order, even while violating it. This is not to say that China has

²⁴During the relevant period, there were 585 refusals of South Korean food products and cosmetics. Of these refusals, 27.5% occurred in the port in Shanghai, 21.4% in Shandong, 10.4% in Liaoning, 9.6% in Tianjin, 8.7% in Jiangsu, 7.0% in Guangdong. Other ports that refused Korean products during the period include those in Anhui, Beijing, Chongqing, Fujian, Guangxi, Hainan, Henan, Hunan, Ningbo, Shenzhen, Sichuan, Xiamen, and Zhejiang.

exclusively relied on ambiguous coercive tools. When China has found itself in a position to evade accusations of being a spoiler, it has not shied away from employing more aggressive protectionist measures.²⁵ At the same time, China has continued to utilize more opaque measures when overt actions could backfire,²⁶ thereby allowing China to exert political pressure without incurring significant costs.

²⁵For example, when US president, Donald Trump, moved first, placing extensive tariffs on Chinese goods, China reciprocated with its own overt and politically-driven tariff strategy.

²⁶As seen in both China's response to Australia's COVID-19 inquiry, as well as its response to Nancy Pelosi's Taiwan visit.

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Supplementary Appendix

Appendix

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A1 Data Description

- Table A1 shows the summary statistics.

Table A1: Summary Statistics

	count	mean	sd	min	max
Food Imports Refusals	15012	1.66	7.25	0.00	242.00
Food Imports Refusals (Logged)	15012	0.35	0.80	0.00	5.49
Goldstein Conflict Score (Logged)	14364	0.50	1.30	0.00	8.11
Animal Disease Outbreak	13284	4.50	4.82	0.00	18.11
Food Imports	14784	16.62	3.80	0.00	24.20
Observations	15012				

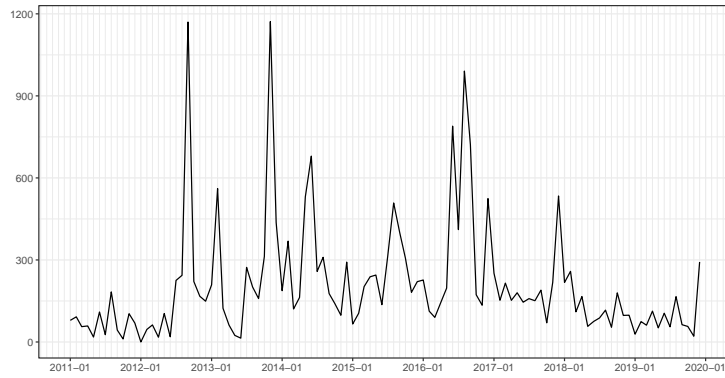
- Table A2 lists the countries with the greatest number of food refusals in the data.

Table A2: List of countries with the most food refusals, 2011-2019

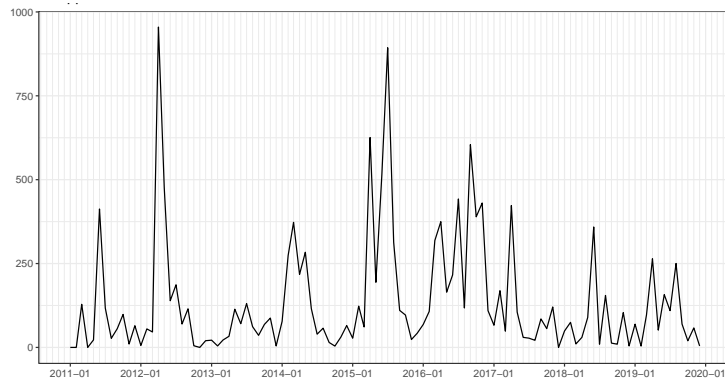
Country	Total food refusals
Taiwan	4252
United States	2088
Japan	1964
France	1391
Korea	1242
Italy	1168
Malaysia	1148
Australia	1011
Germany	1001
Thailand	900

- Figure A1 presents over-time variation of GDELT military conflict scores for four countries that had the worst political relations with China according to GDELT during this period.

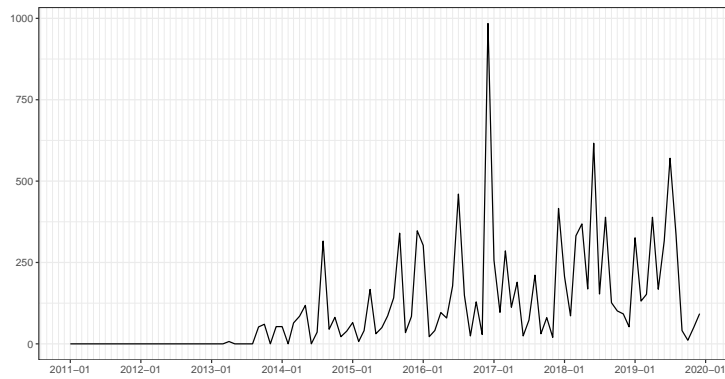
Figure A1: GDELT Conflict Scores Involving Military Actors, 2011-2019.



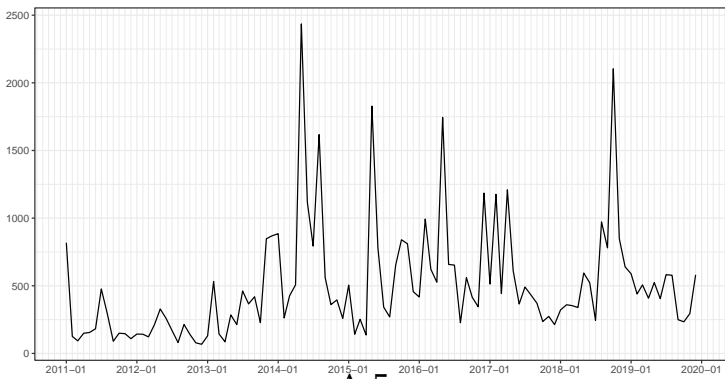
(a) GDELT Conflict Scores, Japan



(b) GDELT Conflict Score, Philippines

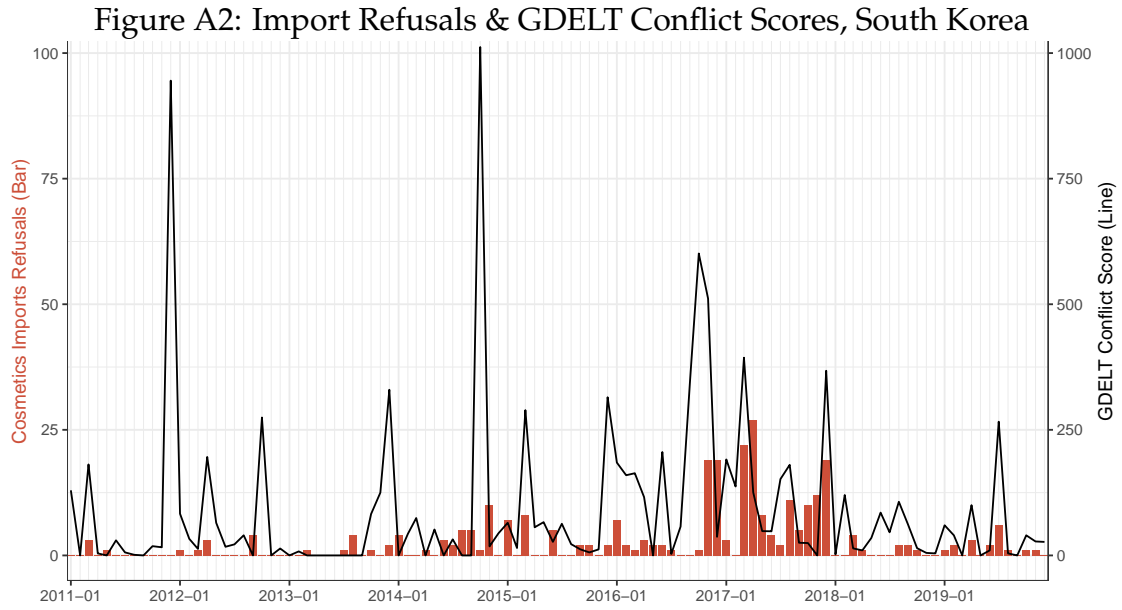


(c) GDELT Conflict Score, Taiwan

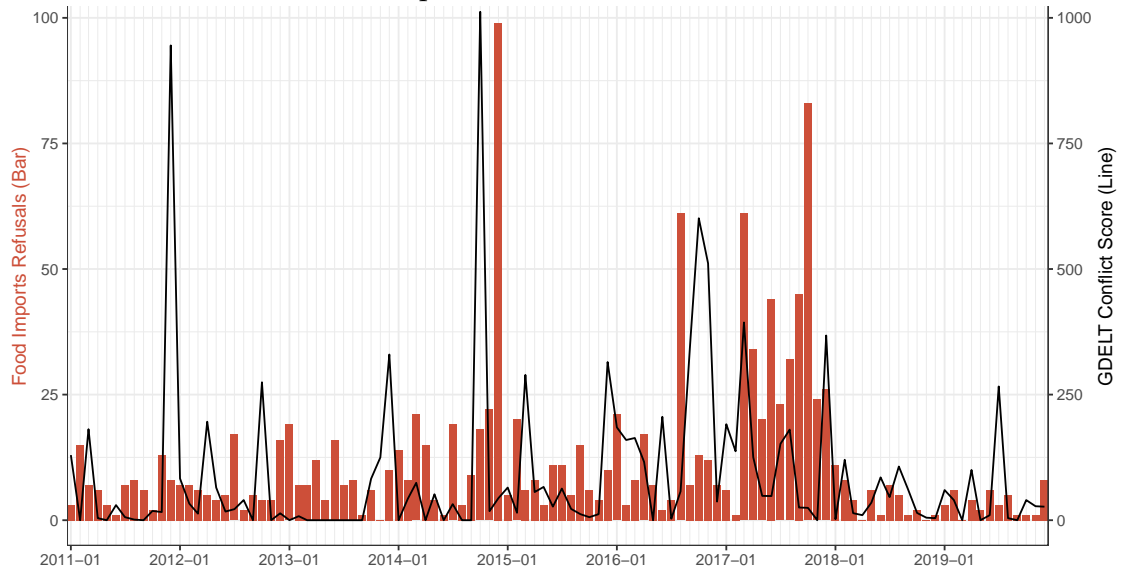


(d) GDELT Conflict Score, United States

- Figure A2 presents over-time variation of cosmetics and food import refusals overlaid with GDELT conflict scores for South Korea.



(a) Cosmetics Import Refusals & GDELT Conflict Scores



(b) Food Import Refusals & GDELT Conflict Scores

A2 Robustness Tests

- Table A3 presents the results from the linear regression models with the logged counts of food import refusals as the dependent variable. The substantive findings are similar to the main results presented in Table 1.
- Tables A4, A5, and A6 present the results with the cases of food and cosmetics imports refusals as the dependent variables. Our main analysis focuses on the cases of food import refusals alone, yet as seen in A4 and A5, our substantive findings from the main analyses hold when we examine refusals of food and cosmetics imports together. While we do see that the results become weaker or even insignificant in some models when we include both food and cosmetics and log the dependent variable (A6), Mullahy and Norton (2022) show that logging the dependent variable leads to unreliable estimates when the dependent variable has a substantial number of zeroes, as is the case here. These estimates are, therefore, less informative than those found in A4 and A5.

Table A3: Food Refusals: OLS with Log-Transformed Outcome Variable

	<i>Dependent Variable:</i>			
	Food Imports Refusal (Log)			
	(1)	(2)	(3)	(4)
Goldstein Conflict Score	0.019 ⁺ (0.010)	0.020 ⁺ (0.010)	0.016 ⁺ (0.009)	0.016 ⁺ (0.009)
Animal Disease Outbreak		0.010 ^{**} (0.004)	0.006 [*] (0.003)	0.006 [*] (0.003)
Food Imports		0.007 ⁺ (0.004)	0.006 (0.004)	0.006 (0.004)
Country FE	Yes	Yes	Yes	Yes
Year-Quarter FE	No	No	Yes	No
Year-Month FE	No	No	No	Yes
Observations	14364	12744	12744	12744

Note: ⁺ $p < 0.10$, ^{*} $p < 0.05$, ^{**} $p < 0.01$. Robust standard errors clustered on country.

Table A4: Food & Cosmetics Refusals: OLS & Poisson

<i>Dependent Variable:</i>								
Food & Cosmetics Imports Refusal								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	OLS				Poisson			
Goldstein Conflict Score	0.338*	0.218*	0.184*	0.193*	0.059**	0.048*	0.046**	0.042*
	(0.164)	(0.094)	(0.087)	(0.087)	(0.012)	(0.019)	(0.016)	(0.017)
Animal Disease Outbreak		0.176*	0.134*	0.134*		0.052**	0.013	0.013
		(0.072)	(0.060)	(0.060)		(0.014)	(0.011)	(0.011)
Food Imports		0.029	0.007	0.007		0.239**	0.290**	0.288**
		(0.029)	(0.036)	(0.036)		(0.073)	(0.099)	(0.099)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year-Quarter FE	No	No	Yes	No	No	No	Yes	No
Monthly FE	No	No	No	Yes	No	No	No	Yes
Observations	14364	12744	12744	12744	13932	12528	12528	12528

Note: + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Robust standard errors clustered on country.

Table A5: Food & Cosmetics Refusals: Two-Part Model

	<i>Dependent Variable:</i>			
	Food & Cosmetics Imports Refusal			
	(1)	(2)	(3)	(4)
<i>probit</i>				
Goldstein Conflict Score	0.029 (0.024)	0.020 (0.024)	0.011 (0.023)	0.011 (0.023)
Animal Disease Outbreak		0.007 (0.007)	0.002 (0.007)	0.002 (0.008)
Relevant Imports		0.106** (0.040)	0.098* (0.050)	0.102* (0.051)
<i>regress</i>				
Goldstein Conflict Score	0.552** (0.191)	0.410** (0.154)	0.343* (0.150)	0.362* (0.161)
Animal Disease Outbreak		0.540** (0.183)	0.382** (0.142)	0.382** (0.144)
Relevant Imports		0.631+ (0.364)	0.555 (0.586)	0.604 (0.606)
Country FE	Yes	Yes	Yes	Yes
Year-Quarter FE	No	No	Yes	No
Year-Month FE	No	No	No	Yes
Observations	13932	12528	12528	12528

Note: + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Robust standard errors clustered on country.

Table A6: Food & Cosmetics Refusals: OLS with Log-Transformed Outcome Variable

	<i>Dependent Variable:</i>			
	Food & Cosmetics Imports Refusal (Log)			
	(1)	(2)	(3)	(4)
Goldstein Conflict Score	0.019 ⁺ (0.011)	0.020 ⁺ (0.011)	0.015 (0.010)	0.015 (0.010)
Animal Disease Outbreak		0.010 ^{**} (0.004)	0.007* (0.003)	0.007* (0.003)
Relevant Imports		0.008 ⁺ (0.005)	0.005 (0.005)	0.005 (0.005)
Country FE	Yes	Yes	Yes	Yes
Year-Quarter FE	No	No	Yes	No
Year-Month FE	No	No	No	Yes
Observations	14364	12744	12744	12744

Note: ⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Robust standard errors clustered on country.

A3 Additional Information on Data Collection

A3.1 Verifying Refusals Data

- Below is a full list of sources we rely on to collect China's import refusals data.
 1. Government (or government-affiliated) entities: `customs.gov.cn/spj`, `cqn.com.cn`
 2. China's state media: `xinhuanet.com`, `jjckb.xinhuanet.com`, `politics.people.com.cn`, `news.cctv.com`
 3. Private entities: `cccfna.org.cn`, `antion.net`, `reach24h.com`, `cirs-group.com`, `m.shagarova.com`, `inews.ifeng.com`, `hn.rednet.cn/c`, `m.antpedia.com`, `m.thepaper.cn`, `ppfocus.com`, `kknews.cc`, `cocukyurdu.com`, `thepaper.cn`, `anytesting.com`, `finance.ce.cn`

A3.2 Animal Disease Controls

Animal diseases for which we control are African swine fever, classical swine fever, foot and mouth disease, high pathogenic avian influenza, American fowlbrood, and Bovine Spongiform Encephalopathy (BSE). These diseases are frequently used by a variety of nations to justify trade restrictions. We also deliberately selected diseases which China itself had mentioned to justify import refusals or bans, thereby giving China the benefit of the doubt and seeking, if anything, to over-control for the effect of animal diseases on refusals. Data on animal diseases was acquired from the World Organization for Animal Health (formerly OIE), which is charged with collecting and disseminating information on animal disease outbreaks around the world. As the animal disease measure is only available for each semester and is significantly skewed we use the logged count of susceptible animals from the previous semester.