

Repression & International Trade

An Analysis of Chinese Trade with Islamic Countries

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Motivation

- Since 2016, the Chinese Communist Party (CCP) has been engaged in a violent assimilationist campaign against the Uyghurs, a predominantly Muslim ethnic minority group located in Xinjiang.

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- There has been much international outcry, but little criticism of China from majority-Muslim nations.
 - ▶ Pakistan's Prime Minister Imran Khan
 - ▶ Organisation of Islamic Cooperation (OIC)

Motivation

- **Since 2016, the Chinese Communist Party (CCP) has been engaged in a violent assimilationist campaign against the Uyghurs, a predominantly Muslim ethnic minority group located in Xinjiang.**
- There has been much international outcry, but little criticism of China from majority-Muslim nations.
 - ▶ Pakistan's Prime Minister Imran Khan
 - ▶ Organisation of Islamic Cooperation (OIC)
- Many are participants in China's Belt and Road Initiative (BRI) are recipients of Chinese development finance/enjoy close trade relationships with China.



Figure 1: Since 2016, upwards of 1.5 million Uyghurs and other Muslim minorities in Xinjiang have been detained in political re-education and forced labor camps.

Introduction

China's Reeducation Camps



Introduction

Wearing a scarf in the presence of the Chinese flag	Wearing a hijab (if you are under 45)	Going to a mosque
Praying	Fasting	Listening to a religious lecture
Not letting officials scan your irises	Not letting officials download everything you have on your phone	Not making voice recordings to give to officials
Speaking your native language in school	Speaking your native language in government work groups	Speaking with someone abroad (via Skype, WeChat, etc.)
Wearing a shirt with Arabic lettered writing on it	Having a full beard	Wearing any clothes with religious iconography
Not attending mandatory propaganda classes	Not attending mandatory flag-raising ceremonies	Not attending public struggle sessions
Refusing to denounce your family members or yourself in these public struggle sessions	Trying to kill yourself when detained by the police	Trying to kill yourself when in the education camps
Performing a traditional funeral	Inviting multiple families to your house without registering with the police department	Being related to anyone who has done any of the above

Source: Greer, T. (2018), “48 Ways to Get Sent to a Chinese Concentration Camp”.

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Research Question

- **Has trade with China been impacted by the repressive campaign against the Uyghurs?**
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 - ▶ Majority-Muslim country governments have been reticent to criticize China's domestic policies
- **Do the private citizens of these nations opt to engage in less economic activity with China in response to their anti-Muslim policies?**

Trade and Private Groups

- Private groups have a long history of organizing commercial boycotts
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 - ▶ **Ex:** Muhammad drawing in Denmark, significant commercial blowback for Danish firms in the Muslim world.

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- Private groups have a long history of organizing commercial boycotts
 - ▶ **Ex:** Longshoremen and Soviet countries, South Africa divestment, etc.
- This extends to religiously motivated groups as well.
 - ▶ **Ex:** Muhammad drawing in Denmark, significant commercial blowback for Danish firms in the Muslim world.
- Relative to individualistic cultures, individuals in collectivistic societies (particularly where religion is a central organizing principle) are more likely to engage in consumption behavior as a group (Lindridge, 2005; Al-Hyari et al., 2012).

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Strategy

- Matching Methodology
- Difference-in-Difference
- Synthetic Control Method

Treatment

- **Defining Muslim countries:**

- ① 50% or more of population identifies as Muslim (37)
- ② Sharia law or Islam as state religion (14)
- ③ Sharia law, Islam as state religion, and “Neutral” Muslim majority (18)
- ④ Only Sharia law countries (5)

Table 1: List of Treated Countries

<i>Panel a: 50% of Greater Population is Islamic</i>			
Albania	Gambia	Mali	Sierra Leone
Algeria	Guinea	Mauritania	Syria
Azerbaijan	Indonesia	Morocco	Tajikistan
Bahrain	Iran	Niger	Tunisia
Bangladesh	Jordan	Nigeria	Turkey
Bosnia & Herzegovina	Kazakhstan	Oman	United Arab Emirates
Brunei	Kuwait	Pakistan	Yemen
Burkina Faso	Kyrgyzstan	Qatar	
Chad	Lebanon	Saudi Arabia	
Egypt	Malaysia	Senegal	
<i>Panel b: Sharia law or Islam is State Religion</i>			
Algeria	Jordan	Morocco	United Arab Emirates
Brunei	Kuwait	Pakistan	Yemen
Egypt	Malaysia	Saudi Arabia	
Iran	Mauritania	Tunisia	
<i>Panel c: Sharia law, Islam as State Religion, Neutral Islam Majority</i>			
Algeria	Iran*	Morocco	Tunisia
Bosnia & Herzegovina	Jordan	Niger	United Arab Emirates
Brunei	Kuwait	Pakistan*	Yemen*
Egypt	Malaysia	Saudi Arabia*	
Indonesia	Mauritania*	Sierra Leone	

Note: *These five countries fall under the strictest definition of Islamic country: "Major Islamic state." This strict definition is used only for synthetic control method in section 4.3. Afghanistan falls under this definition as well but does not have the necessary data to perform the analysis.

Figure 2: List of Treated Countries

Data

- **152 countries from 2010-2019:**
 - ▶ Pre-treatment: 2010-2015 (averaged)
 - ▶ Post-treatment: 2016-2019 (averaged)
- **Outcome variables:** Import Share from China, Export Share to China (WITS)
 - ▶ “Share” is with respect to China
- **Covariates:** Population, GDP per capita, Government spending share (PWT); Distance to Beijing (World Bank); Political rights & Civil liberties (Freedom House); Freedom to Trade Internationally (Fraser EFW)

Table 2: Summary Statistics

Variable	N	Mean	Std Dev	Min	Max	Source
Import Share from China	152	0.536	1.630	0.000	17.333	WITS
Import Share Change	152	0.017	0.187	-1.043	1.260	WITS
Export Share to China	152	0.534	1.457	0.000	9.792	WITS
Export Share Change	152	0.003	0.217	-1.067	1.843	WITS
Population (logged)	152	2.280	1.652	-2.375	7.149	PWT
GDP per capita (logged)	152	9.309	1.222	6.622	11.864	PWT
Distance to China (KM)	152	8548.309	4063.824	1224.000	19630.000	World Bank
Government Spend Share	152	0.180	0.062	0.023	0.394	PWT
Political Rights	152	3.306	2.007	1	7	Freedom House
Civil Liberties	152	3.219	1.708	1	6.833	Freedom House
Freedom to Trade Int'l	152	7.045	1.210	3.095	9.299	Fraser Institute

Table 3: Covariate Balance

Variable	U/M	Mean		t-test	
		Treated	Control	t	p-value
Population (logged)	U	2.608	2.175	1.39	0.167
	M	2.647	2.811	-0.46	0.648
GDP pc (logged)	U	9.133	9.365	-1.00	0.317
	M	8.933	8.634	1.02	0.313
Distance	U	6741.8	9129.5	-3.20	0.002***
	M	6967.5	7632.6	-0.74	0.460
Govt. Spend Share	U	0.177	0.181	-0.29	0.772
	M	0.171	0.167	0.27	0.790
Political Rights	U	4.978	2.768	6.59	0.000***
	M	4.745	4.870	-0.31	0.759
Civil Liberties	U	4.685	2.748	6.85	0.000***
	M	4.464	4.559	-0.30	0.765
Freedom to Trade Int'l	U	6.544	7.206	-2.97	0.003***
	M	6.578	6.341	0.81	0.420
Import Share from China	U	0.312	0.609	-0.96	0.337
	M	0.304	0.233	0.59	0.558

Notes: Treatment is 50% or greater share of Islamic population. Results are from nearest three neighbors where the outcome is difference in import share.

Table 4: Effect of Uyghur Persecution on Export and Import China Trade Share (Averaging Pre and Post Periods)

Matching Method	Treatment: 50% or Greater Islamic Population		Treatment: Sharia law or Islam as State Religion		Treatment: Sharia Law, Islam as State Religion, or Neutral Islam Majority	
	Δ Import Share	Δ Export Share	Δ Import Share	Δ Export Share	Δ Import Share	Δ Export Share
PSM: Nearest Neighbor	-0.0028 (0.059)	-0.0759 (0.118)	-0.0277 (0.074)	-0.0553 (0.157)	0.0025 (0.058)	-0.0592 (0.084)
PSM: Nearest 2 Neighbors	-0.0100 (0.051)	-0.0718 (0.105)	-0.0107 (0.065)	-0.0472 (0.140)	0.0148 (0.047)	-0.0211 (0.074)
PSM: Nearest 3 Neighbors	-0.0060 (0.045)	-0.1032 (0.098)	-0.0080 (0.058)	-0.0507 (0.108)	0.0059 (0.045)	-0.0272 (0.066)
PSM: Normal Kernel	-0.0196 (0.045)	-0.0944 (0.104)	0.0010 (0.064)	-0.0526 (0.103)	0.0006 (0.0340)	-0.0753 (0.056)
Mahalanobis: NN1	0.0319 (0.027)	-0.0924** (0.039)	0.0232 (0.032)	-0.1783** (0.076)	0.0361 (0.025)	-0.1232** (0.056)
Mahalanobis: NN2	0.0084 (0.022)	-0.0670** (0.026)	0.0309 (0.028)	-0.1158* (0.062)	0.0233 (0.027)	-0.0812 (0.052)
Mahalanobis: NN3	0.0009 (0.023)	-0.0768** (0.030)	0.0425 (0.031)	-0.1005* (0.059)	0.0283 (0.030)	-0.0803* (0.046)

Notes: Notes: ***, **, & * indicate significance at the .01, .05, and .10 levels, respectively. Bootstrapped standard errors are in parentheses using 200 replications for propensity score matching only. For Mahalanobis matching, Abadie-Imbens biased-adjusted standard errors are reported in parentheses.

Table 5: Difference-In-Difference Results (Treatment: 50% or Greater Share of Population is Islamic)

Variable	All Treated and Control Units Considered		Matching Used as Pre-Processor (Only Region of Common Support)	
	Import Share	Export Share	Import Share	Export Share
Treated	-0.3627* (0.1964)	-0.1995 (0.1655)	0.0522 (0.1001)	0.0210 (0.1255)
Time	-0.0048 (0.2574)	0.0128 (0.1830)	0.0381 (0.0877)	0.0266 (0.0839)
Time*Treatment	0.0164 (0.2736)	-0.0442 (0.2281)	-0.0225 (0.1484)	-0.0438 (0.1771)
Constant	0.6378*** (0.1854)	0.5184*** (0.1311)	0.2522*** (0.0549)	0.2455*** (0.0563)
Obs.	356	356	230	230
Notes: ***, **, and * indicate significance at the .01, .05, and .10 levels, respectively.				

Figure 1: Synthetic Control Results (Export Share)

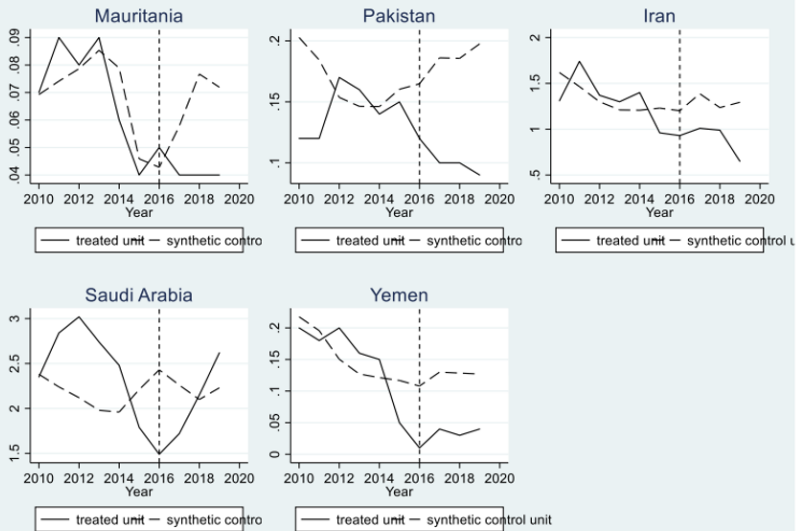


Figure 2: Synthetic Control Results (Import Share)

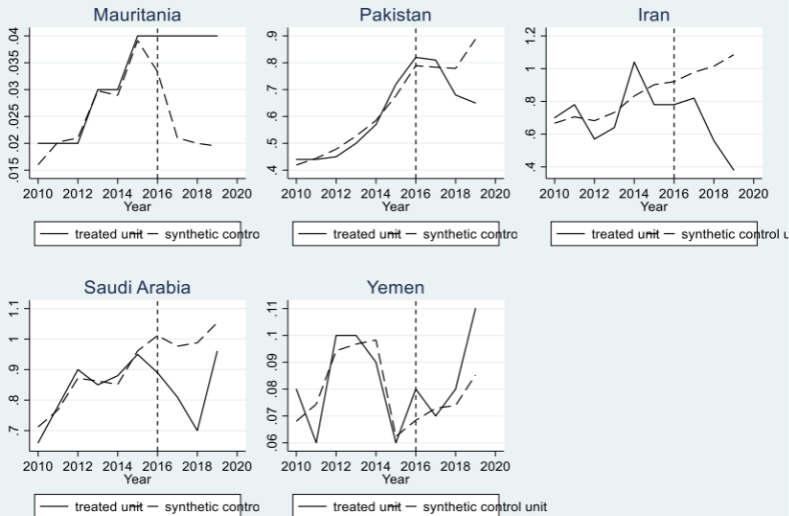


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Conclusion

- **We find only limited evidence that trade from Muslim majority countries decreased after the CCP's heightened persecution of the Uyghurs became known.**
 - ▶ Existence of commercial blowback could be tempered by states' desires to remain on good terms with China.
 - ▶ China may be too economically important for blowback to occur.

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 - ▶ Existence of commercial blowback could be tempered by states' desires to remain on good terms with China.
 - ▶ China may be too economically important for blowback to occur.
- **Next steps:**
 - ▶ Data on different goods being traded with China (heterogeneous goods and trust)
 - ▶ Different ways to measure trade? (Import and Export share relative to the specific country, Export / Import in China as % of GDP)

Conclusion

Thank you!

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