

Partisan Friendshoring*

Meghana Ayyagari[†], *Janet Gao*[‡] and *Pengfei Ma*[§]

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Abstract

This study examines how U.S. firms reorganize global supply chains in response to geopolitical tension and how CEO partisanship shapes these decisions. Firms reduce imports from countries exhibiting rising hostility with the United States, with significantly larger cuts for CEOs politically aligned with the sitting U.S. administration. We obtain identification through the 2016 U.S. election that alters U.S. political regime and CEO-administration alignment and foreign elections and coups that shift bilateral geopolitical tension. Our evidence suggests that partisan identity influences CEOs' perceptions of geopolitical risk and national identity, ultimately affecting sourcing choices. These politically driven import adjustments reduce firm value.

Keywords: Partisanship, Global Supply Chain, Geopolitical Tension, Import

JEL Codes: F14, F51, G30, M12, M14

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[†]School of Business, George Washington University, Email: ayyagari@gwu.edu

[‡]McDonough School of Business, Georgetown University, Email: janet.gao@georgetown.edu

[§]Lee Kong Chian School of Business, Singapore Management University, Email: pengfeima@smu.edu.sg

*“[Geopolitical risk] is ratcheting up, ... That’s my No. 1 concern,
and it dwarves any I’ve had since I’ve been working.”*
– Jamie Dimon, CEO of JP Morgan Chase, 2024

1. Introduction

U.S. firms are increasingly concerned about geopolitical risks in their supply chains. Facing escalating geopolitical tensions and rapidly shifting global alliances, firms must carefully select trade partners to remain competitive and navigate uncertainty.¹ One frequently proposed solution is friendshoring, which advocates businesses to shift their global sourcing toward political allies of the U.S. and away from adversarial nations (Yellen, 2022).² While this strategy helps firms temporarily secure dependable supply chain partners, it may become costly if geopolitical allies do not supply the required inputs at competitive prices (Rajan, 2022), or if source countries frequently change their geopolitical positions, making it “problematic” to establish long-term trade partners (James, 2022). Despite the importance of global supply-chain fragility, little micro-evidence exists regarding how firms adjust their global sourcing operations in response to geopolitical risk.

This paper investigates U.S. firms’ decisions to import from rivals and allies of the U.S., as well as the heterogeneity of such choices depending on their CEOs’ political leanings. Recent shifts in global trade and foreign policies have fueled intense partisan debate, and alignment with the U.S. administration may shape how individuals perceive geopolitical rivals and risks. In particular, aligned partisans may be more likely to adopt the official position than their misaligned counterparts.³ As firm decisions are highly influenced by their leaders’ partisan leanings (Engelberg et al., 2024; Colonnelli et al., 2022; Rice, 2020; Mkrtchyan et al., 2023; Arikan et al., 2023; Steel, 2024; Fos et al., 2025), it is plausible that CEOs’ partisanship can shape firms’ responses to geopolitical risks.

We show that U.S. firms reduce imports from source countries experiencing increases in

¹For example, growing strategic competition between the U.S. and China has led to trade restrictions and technology controls (Amiti et al., 2019). Events like the Russian invasion of Ukraine in 2022 have disrupted global supply chains and commodity markets with far-reaching economic consequences (World Bank, 2022; Aizenman et al., 2024).

²In 2022, the US Secretary of the Treasury, Janet Yellen emphasized “friendshoring” as an important strategy of the administration’s approach to navigating a more contentious global economy, which according to media reports were welcomed by policymakers in Canada and Mexico. Also see “What is Friendshoring,” August 30, 2023, *The Economist*.

³Recent Pew Research Center surveys reveal sharp partisan divides in how Americans perceive foreign policy and global alliances (Pew Research Center, 2018; Pew Survey, 2024). These divisions have deepened under the Trump administration, as President Trump’s warming ties with Putin and criticism of Zelensky have sparked contrasting reactions across party lines (Guardian, 2025).

geopolitical tension with the United States, and that this reduction is significantly larger when CEOs are politically aligned with the sitting U.S. administration. Importantly, the effect is not driven by CEOs’ party affiliation per se, but by their alignment with the administration in power. We establish causality using three sources of plausibly exogenous variation: the 2016 U.S. presidential election, closely won foreign elections that shift bilateral geopolitical tension, and coups d’état that generate abrupt regime changes. Evidence on mechanisms indicates that partisan identity shapes CEOs’ perceptions of geopolitical risk and national identification (i.e., the extent to which individuals identify with and feel attachment to their nation), rather than reflecting efforts to secure economic or political rents. Ultimately, friendshoring is detrimental to firm value: aligned firms experience larger stock price declines when their source countries exhibit rising geopolitical tensions with the U.S.

We leverage several unique datasets to investigate the relationship among firm partisanship, geopolitical tensions, and trade. First, we use transaction-level Bill-of-Lading (BoL) data from the S&P Panjiva that cover the universe of U.S. maritime imports from 2007–2020, with detailed information on shippers’ and importers’ names and addresses. We aggregate the trade records to the firm (U.S. importer)-country (foreign)-product-semester (half-year) level. This data allow us to capture both the extensive margin (i.e., whether a firm imports from a country) and the intensive margin (i.e., import volume and number of shipments) of trade decisions. Next, we obtain the names of firm CEOs from Capital IQ People Intelligence, and determine their political affiliations using voter registration records from L2, a non-partisan data provider used by political groups and academics to track individuals’ party membership. (e.g. [Spenkuch et al., 2023](#); [Engelberg et al., 2024](#)). Finally, we use the United Nations (UN) General Assembly Voting data to identify a country’s geopolitical tension from the United States ([Voeten, 2013](#); [Bailey et al., 2017](#)).

We start by showing that a one-standard-deviation increase in geopolitical tension between the U.S. and a foreign country is associated with an approximately 11% reduction in importing volume and 10% reduction in the number of shipments from that country for the average importing firm. However, firms are not more likely to terminate trades with that country. These average effects mask important heterogeneity across firms. Compared to politically misaligned firms, firms aligned with the U.S. administration are more likely to cut imports from countries experiencing increasing tensions with the U.S., along both the intensive and extensive margins. A one-standard-deviation increase in the geopolitical tension between a foreign country and the U.S. leads to a 2 percentage point reduction in the likelihood of trade for aligned firms relative to misaligned firms. Conditional on having imports, aligned CEOs reduce import volume by 13% and the number of shipments by 7% more than misaligned firms following the same increase in geopolitical tension.

Our analysis includes firm \times product \times time fixed effects, which enable us to compare imports from different countries by the same firm at the same time. These fixed effects absorb time-varying firm conditions, firms’ demand for certain products, and changes in the overall expectations or optimism at the firm-level. We also include firm \times CEO \times country \times product fixed effects, allowing us to track a firm’s imports of a specific product from a particular country over time, under the same CEO’s leadership. These fixed effects help address concerns related to the firm-source country matching and firm-product matching, as well as changes in operating strategies following CEO turnovers. When comparing aligned and misaligned firms, we additionally impose country \times product \times time fixed effects, which absorb any supply-side dynamics such as a source country’s ability or decision to supply certain products as well as time-varying international policies. In additional analysis, we show that the effect of political alignment on import decisions is driven both by Republican firms under Republican Administration (e.g., Trump) and by Democrat firms under Democrat Administrations (e.g., Obama).

We discuss a concern that our results may be driven by industry-level dynamics or anticipated economic benefits from executive actions affecting a specific industry. For instance, firms in the oil industry might expect greater gains under a Republican president who facilitates Middle East market access. To rule out such explanations, we categorize an industry’s political leaning (or “industry tilt”) using its equity valuation gains following a party’s presidential victory and its overall political campaign contribution. These measures allow us to infer the benefits that an industry might receive from a presidency. We then control for interactive fixed effects of industry-tilt with source country and time, and also benchmark the effects of CEO alignment against industry alignment. Our results remain robust.

Despite the rigorous fixed-effect structure, a remaining concern is that the geopolitical tensions between the U.S. and foreign countries may themselves be influenced by their trade relations (Kleinman et al., 2024). We use several identification strategies to address this concern. Our first strategy relies on the 2016 U.S. Presidential election as an unanticipated shock to U.S. political regime as well as individual firms’ political alignment with the U.S. administration. We find that following the 2016 election, firms led by Republican CEOs reduce imports from adversarial countries significantly more than firms led by Democrat CEOs. These effects manifest primarily on the intensive margin (import volume and shipment quantities) rather than the extensive margin (the decision to import).

While the U.S. election provides a useful setting to examine the role of political alignment, it simultaneously shifts both CEOs’ alignment and geopolitical tensions. To isolate quasi-exogenous shocks to geopolitical tensions while holding U.S. domestic political alignment fixed, our second strategy exploits political events in source countries. Specifically, we

use closely contested presidential elections and coups d'état in foreign countries. Focusing on narrowly won elections mitigates concerns that election results can be anticipated or predicted by pre-existing economic conditions, policy environments, or other unobserved factors driving both election outcomes and imports. While close elections do not exist in some of U.S.' most prominent rivals such as China, nor do they usually flip political regimes completely, they represent moderate policy shifts that can lead to uncertainty and disruptions in already complex global supply chains. Coups d'état are sudden, forceful attempts to seize the executive authority in a country. Coups, even failed ones, can lead to drastic changes in countries' political regimes and consequently their geopolitical alignment with the U.S.

Each political event can either increase or decrease geopolitical tension between the foreign country and the U.S. We study how firms change imports following tension-increasing relative to tension-decreasing events, conditional on their CEOs' political alignment with the U.S. administration. We find that when source countries experience increases in geopolitical tension with the U.S, politically aligned firms' import likelihood from those countries reduce by 11 percentage points more than politically misaligned firms, and reduce their import volume (shipment) by 37 (30) percentage points more. Importantly, this effect is absent in the pre-event period and emerges immediately after the political events.

How do CEOs' politically influenced import decisions affect firm value? In other words, is friendshoring consistent with shareholder value maximization? To answer this question, we examine changes in equity value around foreign political events (i.e., "foreign event cumulative abnormal returns", or "CARs") and compare the CARs of aligned and misaligned firms that have import exposure to the electing country. We find that foreign event CARs differ significantly between aligned and misaligned firms, likely because shareholders expect those firms to respond differently to geopolitical events. Following a tension-increasing event in a source country, aligned firms with at least 1% import exposure to that country experience a 1.1 percentage point larger decline in equity value than similarly exposed misaligned firms. This difference increases to 1.9 percentage points when focusing on firms with at least 5% import exposure.

These results suggest that shareholders view politically-motivated friendshoring as value-destroying, either because they disagree with aligned CEOs' risk assessment or because they perceive this strategy to be economically suboptimal.

We explore two potential explanations for why aligned firms engage in more friendshoring than misaligned firms. The first posits that partisan identity shapes CEOs' perceptions of geopolitical risk and their national identification, which in turn affects import decisions (i.e., a "partisan identity" mechanism). The second posits that aligned CEOs adjust their import strategies to protect the economic or political rents they receive from complying with

the policies of the current administration (i.e., a “rent-preservation” mechanism). We find support for the first mechanism, but not the second one.

Under the partisan identity mechanism, aligned CEOs may consider the same geopolitical tensions to be more “threatening” to their supply chains than misaligned CEOs, and make more drastic changes to their global sourcing operations to avoid such risks. To assess this explanation, we analyze firms’ perceived geopolitical risk, measured based on their conference call transcripts (Hassan et al., 2019; Caldara and Iacoviello, 2022). We find that aligned firms exhibit a larger increase in expressed geopolitical risk concerns than misaligned firms when tensions with their source countries rise. By further analyzing conference call texts, we are able to identify country-specific geopolitical risk concerns, and show that aligned firms disproportionately increase references to geopolitical risk associated with countries experiencing rising hostility toward the United States. This partisan divide in geopolitical risk perception helps explain why aligned firms adjust their supply-chain operations more in response to geopolitical tensions.

The partisan identity mechanism also suggests that aligned CEOs may seek to support the administration’s positions out of their national identity. This interpretation aligns with survey evidence from Gallup and the Pew Research Center indicating that aligned individuals express stronger national pride than misaligned individuals (Gallup, 2025; Pew Research Center, 2018). To further test this idea, we use CEOs’ personal donations to veteran causes as a proxy for national identification. We find our results to be substantially stronger among CEOs who donate to veteran causes, lending support to the “partisan identity” mechanism.

The “rent-preservation” mechanism suggests that our effects should be more pronounced among aligned CEOs who obtain greater economic or political rents from the government. We measure a firm’s economic rents or political connection with the administration using three proxies: government procurement contracts (e.g., Goldman et al., 2013; Esqueda et al., 2019; Brogaard et al., 2021), lobbying expenditures (Kalmenovitz et al., 2025; Lowry and Volkova, 2025), and political contributions (Goldman et al., 2009). For each proxy, we examine both an indicator for whether the firm engages in such activities and a measure of the intensity of engagement. However, we find little evidence that our effects are stronger among firms more likely to benefit from economic or political rents. Furthermore, we examine directly whether friendshoring firms are more likely to obtain benefits from the U.S. government by being granted government procurement contracts or tariff exemptions. We do not find consistent evidence in support of this claim. Friendshoring firms are not more likely to obtain preferential treatment from the administration. Aligned firms do not obtain greater benefits than misaligned firms through friendshoring either.

Taken together, our evidence regarding economic mechanisms suggests that the partisan

friendshoring behavior we document likely reflects CEOs’ risk assessment or nationalistic identification, rather than a calculation of economic interests or political influence.

After assessing economic mechanisms, we explore additional heterogeneity of the friendshoring pattern across firm types and trade relationship characteristics. We first discuss the concern that our results might be explained by adversarial source countries “discriminating” against aligned CEOs. This argument can be relevant for some large, prominent U.S. firms that play an active role in geopolitics. They may receive differential treatment from source countries. To examine this possibility, we partition our sample by firm size and find our baseline findings to prevail both among large and small firms. This pattern is inconsistent with the explanation that foreign suppliers selectively penalize prominent aligned firms.

Next, we compare defense and non-defense firms and expect strong partisan friendshoring responses among defense firms, whose cash flows likely have greater exposure to geopolitical relationships. We find evidence consistent with this conjecture. We also examine the moderating role of relationship duration. Prior work in international trade shows that longer relationships are more resilient (e.g., [Monarch and Schmidt-Eisenlohr, 2023](#)). Thus, aligned CEOs with long-standing supplier ties should be less responsive to geopolitical shocks. We find evidence in line with this prediction: the trade response of aligned CEOs becomes muted when they have maintained extended relationships with their foreign suppliers.

We subject our findings to a battery of robustness tests. To start, we show that our results are robust to a variety of alternative measurement choices. This includes (1) measuring import quantities using total shipment weights and the number of containers; (2) measuring geopolitical tension using political distance that captures differences in political regimes, introduced by [Berry et al. \(2010\)](#); (3) measuring geopolitical tension using UNGA voting for important and non-important issues, individual issue categories (economic, human rights, middle-east, nuclear, colonial, disarmament issues), and voting in the earliest sessions (October through December) which capture the earliest signals of geopolitical shifts; (4) measuring CEOs’ party affiliation based on their voter registration records rather than voting history; (5) benchmarking the effects of CEO partisanship against firm partisan leaning based on board of directors’ partisanship or firms’ political campaign contributions. Notably, in a “horse-race” regression including both CEO partisanship and board members’ or firms’ contribution alignment, CEO partisanship continues to generate a significant effect. These findings suggests that CEOs play a unique role in shaping firms’ supply-chain choices. They also help mitigate concerns that our results are driven by unobserved firm fundamentals – if such fundamentals were the true drivers, we would expect similar effects from firm-level political donations, which we do not observe.

Finally, we show that our baseline results are robust to excluding imports from Canada

and Mexico where land-based transportation accounts for a large share of U.S. imports. Our results are also robust to excluding China and Russia, two of U.S.’s primary geopolitical rivals. In other words, our results do not rely on firms holding extreme aversion towards U.S.-China decoupling. This finding, together with the evidence that the partisan friendshoring pattern exists consistently under both Obama and Trump administrations, allays the concern that our effect is driven by the rerouting of China-U.S. through other countries.⁴

In the last step of our analysis, we turn our lens to export decision and examine whether aligned and misaligned firms adjust exports differently in response to geopolitical tensions. We find no significant partisan differences in export responses to geopolitical tension. The asymmetry between import and export likely reflects differences in market structure and decision power. Export markets are more concentrated, with a few buyers per product (Bernard et al., 2007). This means that foreign demand is likely the main driver of export activities, leaving limited room for (U.S.-side) managerial discretion. Moreover, managers may be less concerned about geopolitical tension as long as they receive foreign orders. Overall, these results suggest that CEO partisanship affects international trades primarily where managers have discretion.

This research contributes to the growing literature at the intersection of Political Economy and Finance. Recent work documents the impact of political polarization on economic decisions by households, firms, financial intermediaries, and regulators (Cookson et al., 2020; Gormley et al., 2021; Duchin et al., 2021; Dahl et al., 2022; Engelberg et al., 2023; Meeuwis et al., 2022; Kempf et al., 2023; Colonnelli et al., 2022). In particular, Duchin et al. (2021) show that political divergence between firms reduces the likelihood of mergers, increases deal hostility, and lowers post-merger performance. Their results highlight how affective polarization can disrupt economically efficient corporate relationships. We show that similar forces operate in global supply chains: when geopolitical tension between the United States and a foreign country increases, politically aligned CEOs disproportionately reduce imports from those countries, even when such adjustments are associated with lower firm value.

In the context of corporate decision-making, recent studies show that firm managers’ partisanship affects investment and hiring decisions (Rice, 2020; Colonnelli et al., 2022), and there is a strong sorting effect even at the executive level (Fos et al., 2025). Multiple contemporaneous studies document that the matching of customers and suppliers, both domestically and internationally, is shaped by the similarity in firms’ political ideologies (e.g., Gupta and Homroy 2024; Charoenwong et al. 2024; Chen et al. 2024; Kempf et al. 2025). Our

⁴Despite prevalent concern that Chinese firms re-route their U.S. exports through third countries like Vietnam (e.g. Javorcik et al., 2025), recent research (e.g. Iyoha et al., 2024) shows that only a small fraction of trade (ranging from 1.4% at the firm level and 3.6% at the country level) is actually rerouted from China to countries like Vietnam.

paper complements this literature by focusing on firms’ responses to geopolitical tensions and documenting that such responses are shaped by the political alignment of corporate leaders with the U.S. administration. Instead of discussing CEOs’ ideological preferences for the ruling party in foreign countries (Charoenwong et al., 2024; Kempf et al., 2025), we highlight domestic partisan channels through which CEOs internalize U.S. administrations’ geopolitical objectives and perceptions. These approaches illuminate different facets of how political ideology shapes the global supply chain network.

Our results also expand the literature on how geopolitical ties affect trade and capital flows between countries. Studies have shown that political alignment between countries influences bilateral trade flows (Pollins, 1989a,b; Mityakov et al., 2013; Li et al., 2021), foreign direct investment (Aiyar et al., 2024; Kempf et al., 2023), and pricing of foreign equities and sovereign borrowing (e.g., Ambrocio et al., 2024; Ambrocio and Hasan, 2021). Several recent papers have focused on specific geopolitical conflicts, such as the U.S.-China trade war and the sanctions to Russia, examining their impact on trade patterns (e.g., Handley et al., 2025; Corsetti et al., 2024; Li et al., 2024). Our research makes a distinct contribution by documenting how geopolitical ties differentially affect firms based on their partisan alignment.

2. Data and Sample Construction

2.1. Bill of lading (BoL) Data

Firm import data comes from S&P Panjiva, which collects the BoL data from the U.S. Customs and Border Protection (CBP). The data consist of transaction-level records of maritime trade across countries from 2007 (the first year available) to 2020. For each transaction, Panjiva provides the shipment origin location (country), arrival date, consignee information (name and address), product description including the Harmonized System (HS) product codes, and quantity (including twenty-foot equivalent units (TEUs), weights, and containers).⁵ The BoL data has been used extensively by academics (e.g., Ganapati et al., 2021; Ayyagari et al., 2024) and described in detail in Flaaen et al. (2023).

⁵Maritime trade is the most important transport mode for the U.S., accounting for nearly 50% of import value. However, trade with Mexico and Canada is conducted almost entirely via land. We address this concern in Section 8.4 by showing that our results are robust when we exclude Mexico and Canada.

2.1.1. Identifying Public Firms and Initial Sample Construction

We link U.S. importers in Panjiva to publicly listed firms’ identifiers (Compustat GVKEY) by combining several crosswalks. To start, we use the bridge provided by Panjiva that links importers to their associated company identifiers in S&P Capital IQ, which is available for only 10% – 15% of U.S. consignees. To expand this linkage, we match Panjiva importer names with establishment names in National Establishment Time-Series (NETS), and trace the parent company information based on the parent-subsidiary relationships provided by NETS. We then use the S&P Global Market Intelligence Business Entity Cross Reference Service (BECRS) to link the parent company identifiers with Capital IQs’ company identifiers. Finally, we match companies’ identifiers in S&P Capital IQ to Compustat identifiers (GVKEY). Appendix [IA.2.1](#) provides a detailed description of this multi-step process.

We follow [Smirnyagin and Tsyvinski \(2022\)](#) and [Bisetti et al. \(2026\)](#) in constructing a sample that tracks firms’ importing activity. We start with the universe of shipments imported by U.S. consignees, which is characterized by the importer name, the product (2-digit HS code), the origin country, and time. We drop observations with missing firm identifiers, match consignees to Compustat *GVKEY* as described above, and apply the following sample filters: (1) We follow [Smirnyagin and Tsyvinski \(2022\)](#) to keep active importers, i.e., firm-country-product pairs with positive import volume for more than 50% of the time. More broadly, this approach aligns with common practice in the trade and supply-chain literature that tracks a firm or a trade relation over time to separate adjustment along the intensive margin from endogenous entry and exit (e.g., [Bernard et al., 2009](#); [Amity et al., 2014](#); [Barrot and Sauvagnat, 2016](#)). In Table [IA.1](#), we show that our results are not dependent on this filter. (2) We follow [Smirnyagin and Tsyvinski \(2022\)](#) and drop all observations related to firms with big spikes in import volumes, where spikes are defined as variations exceeding three times the sample standard deviation.⁶ (3) We drop logistics companies and firms in the transportation industry (SIC1 = 4).⁷ (4) We drop companies from the finance industry (SIC1 = 6).

After these sample filters, we aggregate the remaining shipments into a firm-product-source country-semester (half-year) panel. This panel structure enables within-firm comparisons of sourcing decisions across countries. Using a semi-annual frequency allows us to capture more granular changes in firm import decisions within a year.

⁶This is because some firms may request that the U.S. Customs and Border Protection remove their identity in the shipper or consignee field. The request is fulfilled for two years before requiring renewal. As a result, import data for companies that request redactions may show spikes.

⁷Logistics companies are identified by the list of the largest logistic firms in the U.S., compiled by Armstrong & Associates, Inc., a leading third-party logistics market research company. We also drop companies where the importer’s name contains the words “logistic”, “distribution”, or “freight.”

We measure the quantity of firms’ import of each product from a given source country in several ways. Our main measures include the number of shipments (*Shipments*) and the total volume (*Volume*) of imports. A shipment is the cargo, regardless of size, recorded in a single bill of lading. It is reflected as one line of record in Panjiva. Volume is measured by the number of Twenty-Foot Equivalent Unit (TEU), which is a unit of measurement for a ship’s capacity. The bills-of-lading (BoL) data are organized by shipment rather than by individual product, and one BoL record can contain several products. To construct product-level measures of TEU volume, weight, and container counts, we divide the shipment’s total volume equally among the products in the record. However, when measuring shipments, each product in a BoL record is counted as a separate shipment.

We decompose the variation in import quantities into the extensive margin and the intensive margin. At the extensive margin, we define *Have Import* as an indicator variable that equals one if a firm imports the product from a country in that semester, and zero otherwise. At the intensive margin, we look at $\text{Log}(\text{Volume})$ and $\text{Log}(\text{Shipments})$, which only take non-missing values when a firm imports a product from a foreign country.

In robustness checks, we use alternate measures including *Containers*, the total number of shipment containers; and *Weight*, the total shipment weight (in kilograms).

2.2. Identifying Political Partisanship of CEOs

We obtain the identities of firms’ CEO and board members from Capital IQ People Intelligence. Specifically, we extract their name, date of birth, and gender, which will be used to match with voter records to obtain political affiliation. The Capital IQ People Intelligence has a much larger coverage compared to other databases with information on CEOs such as Execucomp, which only covers S&P 1500 firms.⁸

Information on U.S. voters comes from L2, Inc, which collects data from a number of sources including local election boards, exit polling, and commercial lifestyle data. This data is commonly used by researchers to identify an individual’s party affiliation (Engelberg et al., 2024; Bernstein et al., 2022; Spenkuch et al., 2023; Fos et al., 2025). In particular, an extensive literature documents that partisan identity provides a “perceptual screen” that shapes how individuals perceive policy, evaluate information, and make economic choices.⁹ In the corporate context, studies have shown that managers’ alignment with the adminis-

⁸Figure IA.1 compares the data coverage of Compustat U.S. firms’ CEOs by Capital IQ People Intelligence and Execucomp. On average, firms that are covered by Execucomp but not by Capital IQ People Intelligence only account for 7% of the combined sample. However, more than 70% of firms are covered by Capital IQ People Intelligence but not by Execucomp.

⁹See, for example, Campbell et al. (1960); Bartels (2002); Kempf and Tsoutsoura (2021); Meeuwis et al. (2022); Cookson et al. (2020).

tration affects investment (Rice, 2020), hiring and promotion (Colonnelli et al., 2022), and disclosure decisions (Arikan et al., 2023).

To gauge CEOs’ partisan alignment, we look up each CEO in the L2 data based on name, date of birth, gender, and the distance between the address of the firm and the resident address or mailing address. Among the firm-years in our sample, 66.8% of the CEOs can be matched with L2 data. We identify CEOs’ political leaning using their voting history in national primary elections. Participation in a presidential primary requires an active choice of party ballot and therefore captures a revealed and salient partisan affiliation at a time when party platforms and candidates are sharply differentiated. If a CEO voted in the Republican (Democrat) party primaries, we consider this individual to be Republican (Democrat). We drop CEOs with missing affiliations or associated with more than one party and construct a non-time-variant party affiliation measure. While party affiliation is fixed, a CEO’s political alignment is time-varying and depends on whether the CEO’s party matches the party of the incumbent U.S. President. We drop party-switchers because CEOs may switch their political affiliation due to major economic shocks, which can correlate with their firms’ performance, macroeconomic conditions, and U.S. foreign policies.¹⁰ Our main variable of interest is *Aligned CEO*, a dummy variable that is equal to one if the CEO’s party affiliation is the same as the current U.S. President and zero otherwise.

The prior literature has measured CEOs’ political leaning based on their voter registration records. Compared to this approach, our approach of utilizing primary voting history has two advantages. First, it reflects active political participation. Second, it better captures partisanship in open-primary states (e.g., Ohio), where party affiliation is not declared at registration but instead inferred from the party ballot selected in primary elections. In practice, the two measures are highly correlated: 93.5% (94.6%) of CEOs registered as Democrats (Republicans) vote exclusively in Democratic (Republican) primaries. In Table IA.3, we show that our results are robust to defining CEO partisanship using voter registration records.

We further measure CEOs’ political connection or political influence using their political donations. We code *Aligned CEO (Contribution)* to be one if over 50% of a CEO’s political contribution goes to the President’s party, and zero otherwise. We also create an indicator *CEO No contribution* for CEOs that do not make political contributions. We create a parallel set of indicators for firms’ campaign contributions (e.g., *Aligned Firm (Contribution)*). We use these measures for robustness analyses.

Finally, we gauge the partisan leaning of a firm’s board of directors by looking up each

¹⁰12% of our sample CEOs are observed to have voted in more than one party’s national primary elections. Consistent with our statistics, Fos et al. (2025) document that 12% of registered voters in Illinois switch between Democrat and Republican parties between 1976 and 2017. Table IA.2 repeat our baseline analysis on a sample including party-switchers. Results remain virtually unchanged.

board member in the L2 database following the same procedure as the one for CEOs. We then calculate the percentage of board members that are affiliated with the same party as the current President. For simplicity, we only include Democrat and Republican board members.

2.3. Geopolitical Tension Based on UN General Assembly Voting

We measure the geopolitical tension between the United States and a foreign country using the “distance” between their estimated foreign policy positions developed by Voeten (2013) and Bailey et al. (2017). This measure is computed based on countries’ voting patterns in the United Nations General Assembly (UNGA) using the Ideal Points Distance (IPD) approach, which is widely used in the political science literature (e.g., Gartzke, 1998; Alesina and Dollar, 2000; Dreher and Jensen, 2007). The measure captures the overall state of bilateral relations between the U.S. and a foreign country, reflecting strategic alignment, diplomatic cooperation, and foreign policy orientation rather than pure ideological agreement. We interpret greater distance as higher geopolitical tension. We provide a brief explanation of the Ideal Points Distance (IPD) approach below.¹¹ A more detailed description is provided by Bailey et al. (2017).

For each UNGA resolution, member countries may vote *Yes* (in favor), *No* (against), or *Abstain*.¹² The IPD approach uses countries’ voting records to estimate a time-varying latent position for each country using a Bayesian model. In this framework, each country’s vote on a resolution is modeled as a probabilistic function of (1) the country’s policy preferences, or “ideal point” (θ) and (2) the resolution’s characteristics, such as how polarizing it is along the policy spectrum. Based on countries’ actual votes, the algorithm uncovers the hidden parameters, including θ for each country and voting session through Markov Chain Monte Carlo (MCMC) simulations. A country’s ideal point θ is computed as the annual average across all sessions.¹³ The geopolitical tension between a foreign country and the U.S. can be measured as the distance, or the absolute value difference, between their ideal points:

$$Tension_{US,c} = |\theta_{US} - \theta_c|, \quad (1)$$

¹¹UN General Assembly voting alignment is used as a revealed-preference proxy for broader geopolitical relations between countries (Bailey et al., 2017). Our interpretation does not require firms to observe UN voting directly; rather, the measure captures changes in geopolitical alignment that are widely communicated through diplomatic relations, media coverage, and government signaling.

¹²Absences are recorded differently from an abstention. Rather than reflecting a country’s view, absences are typically due to a temporary lack of government due to civil war or coups or other conflicts (Voeten, 2013).

¹³The estimated foreign policy position can take both positive and negative values. The sign and magnitude reflect relative alignment in UN voting patterns, with countries voting more frequently with the United States (e.g., Canada, the UK, Australia) exhibiting positions closer to that of the U.S., and countries voting more frequently against U.S. positions (e.g., Russia, China, Iran) exhibiting more distant values. The exact numerical values vary across years as global voting patterns evolve. Countries with positions closer to zero exhibit more mixed or issue-specific voting behavior.

where θ_{US} and θ_c are the ideal points of the U.S. and the foreign country c respectively. A larger tension reflects greater divergence in foreign policy orientation and higher geopolitical tension, while a smaller tension indicates closer alignment.

Compared to just counting voting coincidence, this approach provides a more nuanced measure of country positions, separating real position changes from changes in the characteristics of the issues voted on. Interestingly, even countries commonly believed to be U.S. allies such as France and Italy exhibit substantial time-series variation in their alignment with the U.S. (Bailey et al., 2017).

Merging firms' import records, CEO political affiliations, and source countries' geopolitical tension with the U.S. leaves us with a firm-country-product-semester panel, which includes 708 firms and 885 unique CEOs that import from 96 countries across 93 unique products. The sample contains 110,644 observations, spanning from 2007 to 2020.

2.4. Other Data on Geopolitics

We collect foreign election data from the Manifesto Project Database (MPD). The MPD collects election date and votes for each party. Combining with the source countries in our import sample, we are able to obtain election information from 47 source countries.

In addition to foreign elections, we also exploit data on coups from *Center for Systemic Peace (CSP) Coup d'État Events, 1946–2021* database (Marshall and Marshall, 2022).¹⁴ This dataset provides comprehensive coverage of all coup d'état in countries with populations exceeding 500,000 since 1946. A coup is defined as a forceful seizure of executive authority by members of a country's political or military elite that results in a substantial change in executive leadership and regime policy, but not necessarily in the form of government. The data exclude social revolutions, foreign invasions, popular uprisings, and voluntary or constitutional transfers of power. We use these coup events as quasi-exogenous shocks to political instability that can abruptly alter a country's geopolitical alignment and its relations with the United States. Incorporating coups extends our identification strategy beyond electoral turnover to include larger, less predictable disruptions to political order.

We complement the existing measure of geopolitical tensions between U.S. and foreign countries using measures of political regime similarity introduced in Berry et al. (2010). We use political distance as an alternative measure of geopolitical tension, which takes into account the differences in political stability, democracy, and trade bloc membership. In Section 8, we show the robustness of our results to controlling for other well-populated distance

¹⁴The CSP datasets, including the Coup d'état Events database, are widely used in the political science and economics literature on regime instability, democratization, and the economic consequences of political violence (e.g., Marinov and Goemans, 2014; Goldstone et al., 2010).

measures, including economic, administrative, demographic, and geographical distances.

3. Descriptive Patterns

3.1. Summary Statistics

Table 1 provides the summary statistics of the main variables used in our study, including firms' import decisions and quantities, as well as CEO political ideology. In our sample, the average firm imports a product from a source country 73.7% of the time. The average import for a firm-country-product pair has a volume of 36.25 TEUs and 9.81 shipments during a semester. The majority of CEOs in our sample are Republicans (69.3%) and only around 26.4% are Democrats with the rest being affiliated with other parties. In 45.4% of the observations, *Aligned CEO* equals one, representing a firm having a CEO affiliated with the same party as the U.S. President. The average geopolitical tension between the U.S. and other countries is 2.65, ranging from 0.11 (U.S. and Israel in 2020) to 4.62 (U.S. and Zimbabwe in 2017).

3.2. Geopolitical Tension and Import Decisions

Panel A of Figure 1 illustrates the temporal variation in firm import patterns, measured both in levels of shipping volume and number of shipments. These metrics show significant fluctuations over time, including a substantial recovery in late 2012 following the great trade collapse of 2008-09, a pattern documented in numerous studies, including [Ahn et al. \(2011\)](#), [Levchenko et al. \(2010\)](#), and [Baldwin \(2009\)](#). The subsequent decline in the later part of the decade has been similarly noted in recent research by [Flaen et al. \(2023\)](#), who also demonstrate that Panjiva's bill of lading data closely tracks Census Bureau statistics on containerized vessel imports. Moreover, they find that these BoL aggregates correlate strongly with total U.S. goods import value, despite the latter including non-maritime trade, suggesting that the BoL data effectively captures broad patterns in U.S. trade dynamics.

Panels B and C present the top 10 industries and products represented in our sample. The most common industries are manufacturers, including industrial machinery, computer equipment, and electronics, followed by chemical products and measurement tools. The most commonly imported products include machinery and electronics, base metals, and plastics.

We note that firms actively change their import decisions within a year. In Figure IA.2, we plot the percentage of firms in our sample making significant changes in import decisions at the semester level. We find that around 2–4% of firms start importing from at least one new

source country from which they had not imported during the previous year (“Add”), around 15–30% of firms stop importing from at least one country from which they had imports in the previous year (“Drop”), and around 1–3% of firms do both (“Add and Drop”). This pattern seems broadly consistent with the evidence in the literature and suggests that U.S. public firms frequently switch the sources of imports, and there is rich within-year variation in such decisions.¹⁵

Figure 2 presents binscatter plots of the association between our sample firms’ aggregate import activity from a foreign country and the geopolitical tension between the U.S. and that foreign country. Panel A focuses on the extensive margin (*Have Import*), while Panels B and C focus on the intensive margins ($\text{Log}(\text{Volume})$ and $\text{Log}(\text{Shipments})$). The figure reveals a clear negative association between geopolitical tension and both the likelihood and quantity of imports at the aggregate level.

We next analyze the relationship between geopolitical tension and firm imports using the following specification:

$$\text{Import}_{icpt} = \beta_1 \text{Tension}_{ct} + \phi_{ipt} + \gamma_{icp} + \epsilon_{icpt} \quad (2)$$

where Import_{icpt} is the import by firm i from country c of product p during time t (in semesters), and it is one of the following variables: *Have Import*, $\text{Log}(\text{Volume})$, or $\text{Log}(\text{Shipments})$; and Tension_{ct} is the time-varying geopolitical tension between the U.S. and the foreign country c . This analysis includes various fixed effects, including firm \times product \times time fixed effect (ϕ_{ipt}) and firm \times CEO \times country \times product fixed effects (γ_{icp}). Standard errors are double clustered at the country and firm level.

Table 2 reports the effects on the extensive margin (*Have Import*) and the intensive margin ($\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$). We do not observe a significant effect on the extensive margin, but we find negative effects of geopolitical tension on import quantities. A one-standard-deviation increase in our geopolitical tension measure is associated with a 11% reduction in import volume and 10% reduction in the number of shipments for the average firm, although the effect on import volume is not statistically significant at conventional levels.

3.3. CEO Partisanship and Import Decisions

In Table IA.4, we examine whether the political ideology of the CEO alone affects firms’ import decisions, independent of geopolitical tensions. Panel A shows that firms with aligned

¹⁵Using a hand-collected sample, Pankratz and Schiller (2024) document that more than 60% of supply-chain contracts can be canceled for convenience with an average termination notice of about 120 days. Using a sample of proprietary contracts of a large transportation company and its suppliers, Iyer and Sautner (2018) calculate an average contract term of 5.34 years, the observed switching time is 0.84 years.

and misaligned CEOs do not have systematically different import decisions. Panel B reports whether firms with Democrat or Republican CEOs import more or less compared to firms with CEOs affiliated with neither party. In some specifications, we see that firms headed by Democrat CEOs import more on average compared to firms with non-Democrat and non-Republican CEOs, irrespective of the party of the U.S. administration. However, this effect is not consistently statistically significant. Finally, Panel C compares the import decisions by each firm-president party pair. Again, we do not find consistent difference across pairs.

4. Main Results

4.1. Political Alignment and Friendshoring

Our main analysis investigates whether politically aligned CEOs are more likely to restrict trade from countries that become adversarial to the U.S., compared to misaligned CEOs. We estimate the following specification:

$$Import_{icpt} = \beta_1 Tension_{ct} + \beta_2 Aligned\ CEO_{it} \times Tension_{ct} + \phi_{ipt} + \gamma_{icp} + \tau_{cpt} + \epsilon_{icpt} \quad (3)$$

where $Import_{icpt}$ and $Tension_{ct}$ are defined as in Equation (2). We continue to control for firm \times product \times time fixed effect (ϕ_{ipt}) and firm \times CEO \times country \times product fixed effects (γ_{icp}), and further layer on country \times product \times time fixed effects (τ_{cpt}).

The coefficient of interest is β_2 , which captures the incremental effect of CEO political alignment on the import responses to changes in the geopolitical tension between the source country and the U.S. The main effect of *Aligned CEO* is absorbed by firm \times product \times time fixed effects. Standard errors are double clustered by source country and firm.

In Table 3, we present the differential effect of geopolitical tension on aligned and misaligned firms' import decisions both on the extensive (*Have Import*) and intensive margin ($Log(Volume)$ and $Log(Shipments)$). We add controls and fixed effects in stages. In column (1), we include firm \times product \times time fixed effects, whereby time is measured by semesters (half-years). This set of fixed effects helps control for time-varying firm demand for a product. We also include firm \times CEO \times country fixed effects to eliminate time-invariant factors affecting firms' imports from a country as well as changes associated with CEO turnover within a firm. In column (2), we add firm \times CEO \times country \times product fixed effects, which allow us to track within-firm-product-country variation over time. In column (3), we add further country \times product \times time fixed effects to remove confounding dynamics at the country-product level, such as tariffs levied on the product from the country and the coun-

try’s ability to supply product during time t .

Across all measures of import decisions and regression specifications, we document a negative and statistically significant coefficient for $Tension \times Aligned\ CEO$. The economic effects are sizable. The estimates in column (3) suggest that a one-standard-deviation increase in the geopolitical tension between a foreign country and the U.S. leads to a 2 percentage points incremental decline in the import likelihood by a firm with an aligned CEO from that country, compared to a firm with a misaligned CEO. This accounts for about a 5% reduction relative to the standard deviation of the dependent variable.¹⁶ Results from the intensive margin (columns (6) and (9)) suggest that a one-standard-deviation increase in geopolitical tension is associated with around a 13% greater reduction in import volume and a 7% greater reduction in import shipments, respectively.¹⁷

4.2. Addressing Industry Effects

Could the partisan friendshoring effects that we document be explained by industry-specific alignment with the administration, or industry-specific anticipation of future trade policies? For example, oil industries may expect greater gains from a Republican president, who can ease their access to Middle East market. Steel and aluminum manufacturers may expect tariff protections under protectionist administrations, shielding them from Asian competition.

If these dynamics explain our results, we should see our findings disappear after controlling for an industry’s potential gain from a foreign market. To address such concerns, we gauge how much an industry is expected to gain from a Presidential term in two ways. The first is based on the equity return reactions (CARs) of publicly listed firms in that industry around U.S. Presidential elections. For each industry, we compute its firms’ CARs during the [-5, 5]-day window around the most recent President election, relative to the Fama-French three-factor model. We then take the average of the CARs across the industry. A higher industry CAR around the Republican party’s victory suggests that the industry is likely to benefit more from a Republican presidency, and vice versa. The second is based on the fraction of an industry’s donation to each party during the most recent two-year election cycle.

¹⁶The economic effects on the extensive margin are very consistent with [Mityakov et al. \(2013\)](#), who also examine UN voting-based geopolitical alignment measure and find an estimated impact of 2 percentage points on trade likelihood. Moreover, when including fixed effects, [Mityakov et al. \(2013\)](#) report a 60% increase in the magnitude of the effect, suggesting that unobserved firm-level factors may amplify the impact of political misalignment. In the broader literature, our extensive margin results align with studies on political conflicts and trade disruptions (e.g., [Heilmann, 2016](#); [Fuchs and Klann, 2013](#)).

¹⁷The intensive margin economic effects are in line with findings from [Mityakov et al. \(2013\)](#) who estimate that a one-standard-deviation increase in political distance (0.18) leads to a trade decline of around 20%. They report that the effect is much stronger in sector-specific cases, with a 70% decline for petroleum imports, suggesting that politically sensitive industries may experience greater disruptions. [Heilmann \(2016\)](#) also reports trade disruptions of 2% to 18% due to consumer-driven political actions.

More donation to a party likely indicates that the industry has closer economic ties to the policy orientation of that party. We divide all 2-digit SIC industries into quintiles based on each measure to define industry-tilt: *Deeply Republican*, *Moderately Republican*, *Neutral*, *Moderately Democrat*, *Deeply Democrat*. We then control for the interactive fixed effects of industry tilt with source country and time (semester). In Panel A of Table 4, we show that our main effects remain unchanged under this control.

In Panel B, we consider “horse-race” analyses that benchmark the effects of CEO alignment against an industry’s alignment with the current administration. Industry alignment is directly measured by its election CARs and the fraction of campaign donations towards the ruling party. We repeat the baseline regression while controlling for *Tension × Aligned Industry*. Benchmarked against the effects of industry alignment, we do not find the effects of *Tension × Aligned CEO* to dissipate. Rather, the coefficients are consistently negative and statistically significant, with similar magnitudes as those from the baseline analysis.

4.3. Additional Robustness

In Table IA.5, we repeat the same specification as outlined in Equation (3), while replacing CEO alignment using the CEO party affiliation itself. The coefficients of interest are the interaction terms *Rep CEO × Tension* and *Dem CEO × Tension*, where *Rep CEO* and *Dem CEO* are indicators for whether a CEO is registered with the Republican party and the Democratic party, respectively. CEOs affiliated with other parties serve as the omitted category.

The results suggest, albeit imprecisely, that Republican CEOs respond more strongly in terms of import volume to geopolitical tensions than Democratic CEOs. The coefficient for *Tension × Republican CEOs* in column (4) (-0.209) is slightly larger than the corresponding coefficient which pools aligned CEOs of both parties in Table 3 column (6) (-0.154). In contrast, for Democrat CEOs the coefficient is essentially zero. However, Republican and Democrat CEOs do not exhibit differential responses to geopolitical tension in the number of their shipments. Neither type of CEOs exhibit a higher likelihood of cutting imports completely when geopolitical tensions rise. These results indicate that party affiliation alone does not fully account for the observed friendshoring behavior; rather, alignment with the incumbent administration appears to play a central role.

Could our baseline results be driven by the drastic changes in U.S. international relations and trade policies in recent years? We decompose the CEO alignment into Democratic CEOs under Democratic President (the Obama administration) and Republican CEOs under Republican President (mostly the Trump administration) and re-run the analysis.¹⁸ Table

¹⁸In our data, CEOs can be affiliated with the Democrat party (*Dem CEO*), the Republican party (*Rep*

IA.6 shows that aligned Republican CEOs reduce import along the intensive margin more than aligned Democrat CEOs when geopolitical tension rises. However, at the extensive margin, the import responses to rising geopolitical tension are stronger for aligned Democrat CEOs than for aligned Republican CEOs. Collectively, there is no systematic evidence that one party’s administration drives stronger trade reductions. Instead, the results reinforce the importance of political alignment per se.

In Table IA.7, we run a “horse-race” between our main measure of CEOs’ political alignment and a measure of CEO political connections based on their political contributions. The effects of our main measure remain statistically significant, while the effects from political contribution are relatively weak, suggesting that CEOs’ political connections are unlikely to explain our central findings.

In Table IA.8, we test whether CEOs’ partisanship is a unique determinant of firms’ friendshoring responses by running horse-race tests against the partisan alignment of the board of directors as well as firms’ alignment based on political campaign contributions. We continue to find that politically aligned CEOs cut imports from countries exhibiting higher geopolitical tension with the United States more than misaligned firms. However, the effects from board alignment and firm contribution alignment are substantially weaker, both in terms of statistical significance and economic magnitudes, suggesting that CEOs’ partisan identity plays a distinct role relative to the political leaning of other key decision makers inside the firm.

We further explore whether our effects are driven by voting decisions regarding important or non-important issues, or a particular topic (economic issues, human rights issues, Middle East issues, nuclear issues, colonial issues, disarmament issues). In Table IA.9, we repeat our baseline analysis while measuring *Tension* using UNGA votes on important issues, non-important issues, and every individual topic. Our baseline finding remains robust across all measures of geopolitical tension. This is perhaps unsurprising because voting behaviors are highly correlated across issues. The correlation between tensions on each individual issue has a correlation ranging from 85% to 97% with our main measure. We also show that the results are robust to estimating geopolitical tension using voting in the earliest UNGA sessions (October through December).

CEO), or other parties (*Other CEO*). There are two types of administrations, indicated by *Dem President* and *Rep President*. We interact the CEO indicators with the president indicators, leading to six combination scenarios, and interact each of the six scenarios with *Tension*. We then regress firms’ import decisions on all six interaction terms. Given that these six scenarios include all possible realizations, the standalone term *Tension* drops out of the regression.

5. Identification Strategies

Our baseline analysis imposes high-dimensional fixed effects to address numerous confounding factors, such as the choice of products to import by a firm, the time-invariant characteristics of a firm-source country pair, and firms’ time-varying conditions, including the overall demand for imported goods. However, a remaining concern is that UN voting-based geopolitical tension may reflect underlying bilateral trade relationships, which could be shaped by the sourcing decisions of large U.S. firms.

We address this concern by exploiting shocks to the political regime in both the U.S. and in foreign source countries. First, we examine differential import responses by Democrat and Republican CEOs surrounding the 2016 U.S. presidential election, which represents an unexpected shift in the U.S. political regime and firms’ alignment with the administration. Second, to isolate exogenous changes in source-country geopolitical alignment while holding U.S. domestic politics fixed, we exploit close presidential elections and coups d’état in foreign countries, which generate abrupt and plausibly exogenous shifts in political leadership and foreign policy positioning.

5.1. Evidence from the 2016 U.S. Election

To start, we focus on the 2016 U.S. Presidential election, which represents an unexpected shift in the U.S. political regime and was followed by notable changes in U.S. foreign policy and international positioning. This election also switches CEOs’ political alignment with the administration: Republican CEOs switched from misaligned to aligned, while Democrat CEOs switched from aligned to misaligned. Thus, we expect that after the 2016 election, Republican CEOs exhibit an increasing degree of friendshoring relative to Democrat CEOs.

We estimate the differential effect of the 2016 U.S. presidential election on Republican and Democrat CEOs using the following specification:

$$Import_{icpt} = \beta Tension_{ct} \times Rep\ CEO_i + \gamma Tension_{ct} \times Rep\ CEO_i \times Post_t + \phi_{ipt} + \gamma_{icp} + \tau_{cpt} + \epsilon_{icpt}, \quad (4)$$

where $Tension_{ct}$ captures the geopolitical tension between a source country c with the U.S. during time t . We allow this variable to change during the event window to capture the shifting global alliances between the U.S. and other countries around the election. $Rep\ CEO$ indicates Republican CEOs, and $Post$ indicates semesters after 2016. We retain years from 2014 to 2018 in this testing sample to avoid the effect from being contaminated by 2012 and 2020 elections. The coefficient of interest, γ , captures the differential change in Republican CEOs’ import responses to geopolitical tension compared to Democratic CEOs after the

2016 election.

Table 5 reports the results. We start by presenting results with the baseline fixed effect structure, including firm \times product \times time, firm \times CEO \times country \times product, and country \times product \times time fixed effects. Following the 2016 election, Republican (aligned) CEOs significantly reduce their import from countries displaying growing geopolitical tension compared to Democrat (misaligned) CEOs. This differential adjustment manifests both in the extensive margin (6 percentage points) and the intensive margin (0.53 and 0.37 log points in volume and shipments, corresponding to 41% and 31% in percentage terms). This finding provides further support for the interpretation that firms headed by politically aligned CEOs “friendshore” to a greater extent than those with misaligned CEOs.

Could these partisan differences in import responses reflect industry-level expectations regarding how much firms may benefit from the Trump presidency? We evaluate this explanation by incrementally including industry tilt \times country \times time fixed effects, where industry tilt is defined based on industry CAR reactions and political campaign contributions as described in Section 4.2. Results are presented in Table 5. The intensive margin results carry through with similar economic magnitudes (columns 5, 6, 8, and 9). While the extensive margin effects become statistically weaker, their magnitudes remain large, ranging from 4.3 to 6.7 percentage points (columns 2 and 3).

Figure 3 depicts the dynamic effects of the 2016 U.S. election on Republican CEOs’ import relative to Democrat CEOs. For each import decision, we plot the coefficient for $Tension_{ct} \times Rep CEO_i \times 1_{t=2016S2+k}$, where $1_{2016s2+k}$ represents semesters around the election. We do not find a strong pattern for the extensive margin of import decisions, but document substantial effects for the intensive margin. Reassuringly, the differential shifts in the import of aligned and misaligned firms do not occur prior to the 2016 election, but become both economically and statistically significant post event. Specifically, by the second semester after the 2016 election, aligned CEOs reduce import volume (shipments) by over 0.61 (0.39) log points more than misaligned CEOs relative to pre-election levels, corresponding to a 46% (32%) difference in percentage terms.

In Table IA.10, we examine the effects of the 2008 U.S. Presidential election, when President Obama of the Democrat party claimed victory. The election switched Democrats from misaligned to aligned. We find that, after Obama’s victory, Democrat CEOs cut imports more from countries with rising geopolitical tension compared to Republican CEOs. This evidence mirrors the findings from the 2016 election. However, the coefficients are less precisely estimated because Panjiva data was less populated in 2007, leaving a very limited pre-event sample.

5.2. Foreign Political Events: Close Elections and Coups d’État

While the 2016 U.S. election represents a salient shock to both U.S. foreign policies and CEOs’ political alignment, it does not isolate shocks to geopolitical tension. To address this limitation, we exploit quasi-exogenous political shocks in foreign source countries that affect their geopolitical tension with the United States while holding U.S. domestic political alignment fixed. Another benefit of using foreign political events is that they are unlikely to be driven by U.S. firms’ lobbying efforts or sourcing needs, providing plausibly exogenous variation in bilateral geopolitical tension conditional on a given U.S. administration.

We consider two types of events. First, we examine foreign presidential elections that result in changes in political leadership and potentially in foreign policy positioning (Kempf et al., 2023). To sharpen identification and focus on plausibly unanticipated regime shifts, we focus on closely won elections, whose winning margins fall in the bottom quartile across all foreign elections in our sample, with the cutoff being 4%. 22 countries have held close elections in our sample period. While close elections do not occur in major rival countries such as China, nor do they normally represent drastic political regime changes, they can capture moderate political shifts that change regulations or trade policy.

Second, we examine coups d’état, which are sudden, forceful attempts to overthrow an existing government and seize authority. Both successful and failed coups represent abrupt political shocks that may alter a country’s foreign policy orientation (Marinov and Goemans, 2014). The unexpected nature of coups makes them desirable candidates for geopolitical shocks. Data on coup d’états come from Marshall and Marshall (2022). During our sample period, we identify 20 coup events.

We construct a $[-4, +4]$ -semester event window around each foreign political event. To get a clean event window for an election in a country, we require there to be no other elections from that country or party-switching U.S. election during the event window. These restrictions ensure that, within the event window, CEO-president alignment is held fixed and that changes in sourcing are not mechanically driven by U.S. party turnover, sharpening interpretation that the shock operates through event-induced changes in the geopolitical environment of the source country.

Following a political event, a foreign country’s geopolitical positioning relative to the United States may shift, remain unchanged, or move in the opposite direction. To classify events, we compute the change in geopolitical tension between the foreign country and the United States by comparing the average tension measure in the 2-year pre-event window to the average tension measure in the 2-year post-event window. We then define indicator variables, *Tension Inc* and *Tension Dec*, to capture events associated with increases and

decreases in geopolitical tension, respectively. In Section IA.4.3 of the Internet Appendix, we verify that both tension-increasing and tension-decreasing foreign political events lead to significant changes in the political alignment between the U.S. and the foreign country. The same pattern holds if the set of political events is broadened to include all foreign elections.

For each foreign political event, we construct an event-specific sample that includes all firm-product pairs where the firm imported the product from the event country at least once during the $[-4, +4]$ -semester event window. We then stack these event-specific samples across all foreign political events, forming a stacked event-time dataset centered on each event’s relative timing. In this framework, identification comes from within-event comparisons of aligned and misaligned CEOs before and after the geopolitical shock.

We examine the differential response of aligned and misaligned CEOs to exogenous shocks to geopolitical tension by estimating the following triple-difference model:

$$\begin{aligned} Import_{eipt} = & \beta Aligned CEO_{ei} \times Tension Inc_e \times Post_{et} \\ & + \delta Aligned CEO_{it} \times Post_{et} + \gamma_{eip} + \tau_{ept} + \epsilon_{eipt}, \end{aligned} \quad (5)$$

where e represents a political event, i a firm, p a product, t a semester, and $Post_{et}$ indicates semesters after an event. The specification includes event \times firm \times CEO \times product fixed effects (γ_{eip}), which absorb all time-invariant firm-product characteristics within each event window, and event \times product \times time fixed effects (τ_{ept}), which absorb common shocks at the event-product-time level. Together, this fixed-effect structure absorbs all lower-order interactions and ensures that identification arises from differential post-event adjustments by aligned relative to misaligned CEOs within the same event cohort.¹⁹

Panel A of Table 6 reports the results. Consistent with the implication from the baseline analysis, we find significant, negative coefficients for β both at the extensive and the intensive margins. The estimates suggest that, following tension-increasing events relative to tension-decreasing events, aligned CEOs exhibit a 11 percentage point greater reduction in import likelihood and a 0.46 (0.36) log points larger decline in import volume (shipments) compared to misaligned CEOs, corresponding to a 37% (30%) decline in percentage terms.

The above estimates are substantially larger than those from the panel regressions (2 percentage points on the extensive margin and 13% and 7% on the intensive margin), suggesting that our event-study setting can mitigate effects from confounding forces that bias the panel estimates toward zero. At the same time, these magnitudes are comparable to those from the event study around the 2016 U.S. election (6 percentage points on the ex-

¹⁹We do not include firm \times product \times time fixed effects because doing so would require firms to import the same product simultaneously from both tension-increasing and tension-decreasing countries within the event window, substantially restricting variation on the intensive margin.

tensive margin, and 41% and 31% on the intensive margin). The similarity across the two event studies suggests that the election-based results are unlikely to be driven by domestic industries’ anticipated policy exposure or lobbying efforts.

We investigate the dynamic effect of geopolitical shocks induced by foreign political events on the import decisions of politically aligned and misaligned firms. Specifically, we estimate the following model:

$$\begin{aligned}
 Import_{eipt} = & \sum_{k=-4}^4 \beta_k Aligned CEO_{ei} \times Tension Inc_e \times 1_{t=t_e+k} \\
 & + \sum_{k=-4}^4 \delta_k Aligned CEO_{ei} \times 1_{t=t_e+k} + \gamma_{eip} + \tau_{ept} + \epsilon_{eipt}, \quad (6)
 \end{aligned}$$

where e indicates a political event in the source country, including close foreign elections and coups, k indicates semesters in an event-window, and t_e indicates event time, i.e., the semester of the event. Parameter $1_{t=t_e+k}$ is an indicator that equals one if the current semester t is semester k following the event time. The triple interaction coefficients β_k indicate the differential response between aligned and misaligned CEOs towards tension-increasing events relative to tension-decreasing events.

Panels A through C of Figure 4 report the results from this event study. Each panel represents a dependent variable. We show that, prior to a foreign political event, aligned CEOs do not decrease their import more than misaligned CEOs. The lack of pre-trend is reassuring, suggesting that the events are not well-anticipated, or driven by slow-moving economic conditions. Following a sudden increase in geopolitical tension, politically aligned CEOs substantially reduce import from the focal country more than politically misaligned CEOs, both along extensive and intensive margins. On the extensive margin, aligned CEOs reduce import likelihood from the event country by 17% more than misaligned CEOs during the second semester following the foreign political event. On the intensive margin, we document an 0.82 (0.66) log points differential reduction by aligned relative to misaligned CEOs, corresponding to a 56% (48%) differences in percentage terms.

We next separately examine the dynamic impacts of tension-increasing and tension-decreasing foreign political events on U.S. firms’ import decisions. Within each type of events, we compare the changes in import decisions by aligned and misaligned CEOs. Separating these two types of events helps reveal whether increases and decreases in geopolitical tensions generate symmetric effects. Results in Panel B of Table 6 suggest that aligned firms’ import decisions respond more sensitively than misaligned firms to both sudden increases and decreases in geopolitical tension. We directly test whether tension-increasing and decreas-

ing events generate symmetric effects by adding the coefficients from $Tension\ Inc \times Aligned\ CEO$ and $Tension\ Dec \times Aligned\ CEO$. The sums are negative, but statistically insignificant across all outcome variables. In other words, tension-increasing events generate stronger responses than tension-decreasing events, but such differences are not statistically significant.

We further estimate the dynamic effects of tension-increasing and tension-decreasing events separately. Panels D through F of Figure 4 depict the estimates from this analysis. Our evidence reveals that aligned firms’ import respond more strongly than misaligned firms to both increases and decreases in geopolitical tension. There is no clear pre-trend prior to either tension-increasing or tension-decreasing events.

6. “Friendshoring” and Shareholder Value

How do firms’ import responses to geopolitical tensions impact shareholder value? The answer is far from obvious. On the one hand, if shareholders agree with aligned CEOs’ assessment that sourcing from countries experiencing higher geopolitical tension entails substantial risk, drastically reducing such exposure may increase firm value. On the other hand, if import reductions reflect non-economic considerations or if shareholders do not share CEOs’ geopolitical risk assessments, friendshoring may reduce firm value.

We address this question using an event-study framework centered on foreign political events that alter geopolitical tension between a source country and the United States. We compute cumulative abnormal returns (CARs) for firms with import exposure to the event country, using the Fama-French three-factor model over a [-5, +5]-day window around the event date. We consider all foreign elections and coups to maximize statistical power. Events are classified as tension-increasing or tension-decreasing based on the change in geopolitical tension described in Section 5.2.

We analyze three groups of firms: *Affected Firms*, who sourced at least 1% of their imports from the event country in the year preceding the event, *Heavily Affected Firms*, who sourced at least 5%, and *Unaffected Firms*, who sourced less than 1% from any event country and serve as a placebo sample.

We first note that in unreported summary statistics, average CARs around foreign political events are economically small for exposed firms, and do not differ significantly between tension-increasing and tension-decreasing events. However, this aggregate response may mask important heterogeneity across aligned and misaligned firms. We therefore regress firm-level CARs on the interaction terms $Aligned\ CEO \times Tension\ Inc$ and $Aligned\ CEO \times Tension\ Dec$, controlling for event fixed effects and firm fixed effects. These interaction terms capture the differential stock market response to geopolitical shocks for firms led by

aligned CEOs. Standard errors are clustered by the event country.

Results are presented in Table 7. Firms headed by aligned CEOs experience significantly steeper equity value loss than those headed by misaligned CEOs when both are exposed to tension-increasing events. Among affected firms (i.e., 1% import exposure), tension-increasing events reduce the equity valuation of aligned firms by 1.1 percentage points more compared to misaligned firms. This gap in value loss reaches 1.9 percentage points among heavily affected firms (i.e., 5% import exposure).²⁰

These findings indicate that investors react negatively to import reductions undertaken by aligned CEOs following tension-increasing events. Consistent with recent studies documenting the economic cost of friendshoring (e.g., Javorcik et al., 2024), the negative stock price response suggests that markets do not view these adjustments as value-enhancing risk mitigation, but instead perceive them as economically costly. Importantly, the valuation effects are concentrated among firms with meaningful exposure to the event country and are absent among unaffected firms, mitigating concerns that the results reflect a generic partisan discount or broad macroeconomic response to geopolitical events.

In Table IA.13, we repeat the CAR analysis using only close elections and coups. We drop firm fixed effects in this analysis due to there being few repeated firms in the restricted event sample. Due to the smaller sample size and limited statistical power, the interactive coefficients on *Aligned CEO* \times *Tension Inc* are not statistically significant. However, they do bear negative signs, consistent with the results in Table 7: following a tension-increasing election, firms headed by aligned CEOs experience a reduction in valuation relative to those headed by misaligned CEOs. The effect become stronger for heavily affected firms (around 1.1 percentage points). No comparable effects are observed among unaffected firms.

In Table IA.15, we examine whether foreign political events that increase geopolitical tension are followed by differential changes in operating performance. We find that firms led by aligned CEOs experience a decline in gross margins following tension-increasing events relative to misaligned firms. This incremental decline is estimated to be 1 percentage point for affected firms and 1.3 percentage points for heavily affected firms. These magnitudes are meaningful compared to the sample standard deviation of the dependent variable (3.5 ppt). This pattern is consistent with the argument that reallocating sourcing toward politically aligned countries entails higher input costs or reduced procurement efficiency, which helps

²⁰These magnitudes closely align with Fisman et al. (2014), who find that Japanese firms with high exposure to China saw stock value declines of 0.8% to 2.1% during periods of heightened Sino-Japanese tensions. Our results also compare to Wagner et al. (2018) who report that firms with significant foreign operations experienced a 2.15 percentage point lower cumulative return through year-end after Trump’s election relative to domestically focused firms. Additionally, our estimates fall within the broader literature on political connections (e.g., Fisman, 2001; Goldman et al., 2009).

explain the negative stock price reactions documented above.

Taken together, results from this analysis highlight negative investor reactions towards the heightened friendshoring decisions of aligned CEOs. This finding may capture the disagreement between investors’ and CEOs’ risk perceptions or political preferences. It may also indicate that investors do not realize the political gains associated with friendshoring. We seek to disentangle these explanations next.

7. Economic Mechanisms

In this section, we examine the mechanisms underlying our central finding that aligned CEOs reduce imports more than misaligned CEOs in response to rising geopolitical tension. Our primary analysis focuses on a “partisan identity” mechanism, which suggests that partisan identity shapes CEOs’ perceptions regarding geopolitical risk and their patriotic preferences. Under this view, aligned CEOs may perceive heightened geopolitical tensions as more economically consequential. They may also place greater weight on national considerations when evaluating supply-chain exposure. We also evaluate alternative explanations, including a “rent-preservation” mechanism, which suggests that firms realign trade relationships to secure potential benefits from the U.S. government, and a supply-side explanation in which foreign suppliers counterparties may disfavor aligned firms when international relationships worsen. Our evidence is primarily consistent with the partisan identity mechanism.

7.1. Partisan Identities

The seminal work by [Campbell et al. \(1960\)](#) provides the insight that party identification raises a “perceptual screen” through which individuals interpret political and economic events favorably toward their partisan orientation. A long line of literature further documents that partisanship generates profound implications for how people process information ([Bartels, 2002](#)), identify with social groups ([Tajfel and Turner, 1979](#)), and develop trust and attachments to organizations ([Iyengar and Westwood, 2015](#)). These effects in turn shape people’s choices including economic decisions ([Gerber and Huber, 2009](#); [Meeuwis et al., 2022](#)).

7.1.1. Perceived Geopolitical Risk

If managerial beliefs are similarly influenced by partisan identity, aligned CEOs may interpret geopolitical developments through the lens of the incumbent administration and perceive greater supply-chain risk from countries that move away from U.S. alignment. Under this mechanism, the same increase in geopolitical tension should generate a larger increase in

perceived risk by aligned CEOs, which in turn leads to stronger import reductions by aligned CEOs than misaligned CEOs, contributing to our “partisan friendshoring” result.

To test this prediction, we develop a novel measure that captures firms’ mention of particular countries or regions in geopolitical risk context during its conference calls. To construct this measure, we combine a dictionary-based approach and a large-language-model classification procedure to identify country-specific geopolitical risk discussions during the CEO presentation of conference calls. Details of our textual analysis methodology are provided in Section IA.5 of the Internet Appendix. We define an indicator *Country-Specific GPR*, which turns to one if a firm expresses geopolitical concerns regarding a given source country in a given period.

We examine how the geopolitical risk perceptions of aligned and misaligned firms respond to geopolitical tensions differently, applying two empirical strategies. First, we follow the structure of the baseline analysis outlined in Equation (3), regressing a firm’s geopolitical risk concerns regarding a source country on the interaction of *Tension* and *Aligned CEO*. We utilize a firm-country-time sample in this analysis, since the geopolitical risk mentions are not product-specific. Results are presented in Table 8. Our results indicate that following the same increase in geopolitical tension from a source country, aligned CEOs express significantly higher increases in geopolitical risk concerns than misaligned CEOs. Our estimates in column (2) suggest that a one-standard-deviation increase geopolitical tension (0.89) is associated with a 0.53 percentage points increase in the likelihood that a firm highlights geopolitical concerns regarding that country, which accounts for 48% relative to the sample average of *Country-Specific GPR* (0.011).

Our next empirical design follows the event-based analysis in Section 6. Specifically, we rely on the political events occurring in firms’ source countries as quasi-exogenous shocks to their exposure to geopolitical tension, and compare the changes in geopolitical concerns of aligned and misaligned firms around each event. In doing so, we construct a firm-by-event panel and analyze both firms’ country-specific geopolitical risk perceptions and firms’ overall risk perceptions on affected firms (at least 1% import exposure), heavily affected firms (at least 5% import exposure), and unaffected firms (lower than 1% import exposure). We estimate the following regression:

$$\Delta GPR_{ei} = \beta_1 Tension Inc_e \times Aligned CEO_{ei} + \beta_2 Aligned CEO_{ei} + \alpha_i + \tau_e + \epsilon_{ei} \quad (7)$$

where e represents a political event arising from a source country, i a firm. *Tension Inc_e* is an indicator equal to one if the political event makes the event country more hostile towards

the U.S., and zero if it makes the event country friendlier.²¹ ΔGPR_{ei} is the change in firm i 's perceived geopolitical risks one semester (two quarters) before and after the foreign political event. Given that a firm can be exposed to more than one foreign political event, and a political event can affect multiple firms, we control for both firm fixed effects and event fixed effects. Standard errors are clustered by the event country. The coefficient of interest is β_1 , which represents the differential perceptions of aligned and misaligned firms facing increasing geopolitical tension from source countries, relative to countries with decreasing geopolitical tension.

Results are presented in Table 9. For affected firms and heavily affected firms, we find significant, positive coefficients on *Tension Inc* \times *Aligned CEO*, suggesting that aligned CEOs express greater concerns for heightened geopolitical tensions from source countries compared to misaligned CEOs. Estimates from column (2) imply that aligned CEOs are around 2 percentage points more likely to highlight concerns regarding geopolitical risk arising from a source country compared to misaligned CEOs when that country exhibits stronger hostility from the U.S. through a political event. In contrast, no such differential effect is observed among unaffected firms (i.e., the placebo group), validating that our effects do not arise from a general increase in geopolitical concerns by aligned CEOs relative to misaligned ones.

In Table IA.14 of the Internet Appendix, we provide results for changes in geopolitical risk perceptions at the firm level. We measure a firm's overall geopolitical risk perception based on discussions of adverse geopolitical events and risks in firms' quarterly earnings calls, following Hassan et al. (2019) and Caldara and Iacoviello (2022). We find similar results, i.e., aligned CEOs express a significantly greater increase in geopolitical concerns when their source countries display heightened tension with the U.S.

These findings provide direct evidence that aligned CEOs interpret the same exogenous increase in geopolitical tension as implying greater supply-chain risk than do misaligned CEOs. The absence of differential responses among unaffected firms further suggests that these belief shifts are tied to economically relevant exposure rather than generic partisan rhetoric. Our evidence thus supports the explanation that partisan identity shapes managerial risk assessment, which in turn affects import response to geopolitical tension.

7.1.2. National Identification

Beyond shaping risk perceptions, partisan identity may influence how CEOs weigh national considerations relative to cost efficiency when making supply-chain decisions. A growing

²¹We verify that the average aligned and misaligned firms are exposed to similar increases in geopolitical tensions between their source country (the event country) and the U.S. Specifically, aligned firms experience a 0.065 increase in tension, while misaligned firms experience a 0.072 increase. The difference (0.007) is economically small and statistically insignificant.

body of survey evidence documents that expressions of national pride and attitudes toward foreign policy have become increasingly polarized along partisan lines in the United States. For example, recent surveys by [Gallup \(2025\)](#) show substantial divergence in reported national pride across partisan groups, and [Pew Research Center \(2018\)](#) documents pronounced partisan gaps in attitudes toward international engagement and military posture.

If partisan identity affects managers’ national identification, then politically aligned CEOs may be more willing to reduce imports from antagonistic countries, despite recognizing the associated economic costs. In lack of a widely used behavioral measure of national considerations, we design a proxy using whether CEOs make personal donations to veteran-related organizations. Individual-level donation data are obtained from L2. Two considerations motivate this measure. First, the Internal Revenue Service classifies many veteran organizations as serving activities “of a patriotic nature.”²² Moreover, donations to veteran organizations constitute costly, observable actions that plausibly reflect the weight an individual places on military and national institutions.

If national identity amplifies partisan friendshoring, we expect aligned CEOs who are also veteran donors to exhibit stronger import reductions in response to rising geopolitical tension. We test this prediction by regressing import decisions on the triple interaction of *Tension*, *Aligned CEO*, and *Veteran Donor*. Table 10 shows that the friendshoring effect is indeed significantly stronger among veteran donors than among non-donors.

So far, our evidence is consistent with the partisan-identity mechanism whereby CEOs’ political affiliation influences both their perceived exposure to geopolitical risk and the relative importance they assign to national alignment in supply-chain decisions. In Table IA.16, we distinguish the national-identity channel from the risk-perception channel by excluding veteran donors from the geopolitical perception tests and excluding high-GPR firms (firm-years in the top quartile of geopolitical risk) from the veteran donor tests. Our results generally remain robust. While the differential effects of veteran donors are no longer significant for *Have Import* in this restricted sample, the coefficients remain economically meaningful. Overall, our evidence supports the view that differential risk perceptions and national identification capture empirically distinct implications of partisan identity.

7.2. Rent-Preservation: Economic Interest or Political Influence

We next discuss the possibility that our findings may be explained by “rent-preservation” motives, i.e., politically aligned CEOs adjust sourcing decisions to preserve political influence or economic rents associated with government relationships. This argument suggests

²²See: [Veterans’ organizations \(Internal Revenue Service\)](#).

that aligned firms with stronger political connections should exhibit larger friendshoring responses. It also implies that friendshoring by aligned CEOs should translate into future benefits from the U.S. government.

We test this argument using multiple measures of political connection and economic rents: First, we examine the attainment and amount of government procurement contracts. Government contracts are highly valuable purchase agreements, and the allocation of government contracts has been shown to be associated with political connections and favoritism (Goldman et al., 2013; Esqueda et al., 2019; Brogaard et al., 2021). Thus, if firms indeed reorganize their global supply chain to preserve political rents, we expect aligned firms who are government contractors to exhibit a stronger response compared to other aligned firms. Second, we look at CEOs’ political contributions, which are often associated with political connections and political influence (Teso, 2025). Third, we examine firms’ lobbying activities, which is related to beneficial legislation and information advantage (Kalmenovitz et al., 2025; Bertrand et al., 2014; Lowry and Volkova, 2025). For each measure, we not only consider indicators for whether a firm has any political connection or rents, but also construct indicators for whether a firm invests substantial resources in building these connections, with values ranked above the median among all firms that have these connections.

We regress firm import decisions on the full interaction of *Aligned CEO*, *Tension*, and the above-mentioned indicators for economic rents and political influence. Table 11 reports the results. For simplicity, we present only the coefficients of the triple interaction terms in the table. Across specifications, we find little evidence that politically connected aligned firms exhibit stronger import responses to geopolitical tension. The triple-interaction coefficients are generally small and statistically insignificant, and any isolated significant estimates are not robust to the inclusion of more demanding fixed effects.²³

To further assess the role of political influence, we directly examine whether friendshoring decisions are associated with favorable treatment from the U.S. government, including the granting of procurement contracts and tariff exemptions. Fotak et al. (2025) show that the allocations of tariff exemptions are politically motivated decisions. It is thus plausible that firms cut imports from rival countries to gain preferential treatment in terms of tariff exemptions. To test this conjecture, we first quantify a firm’s “friendshoring” behavior as the weighted average value of negative geopolitical tension across all of a firm’s source countries, with the weights being either import volume or import shipment. Specifically, *Friendshoring*

²³In Table IA.17 of the Internet Appendix, we examine the rent-preservation mechanism in an event-study context. We do not find aligned firms’ with political connections, measured by government contracts, lobbying expenditures, or political contributions, exhibit consistently stronger import responses following political events than those without connections. This result is consistent with those from our panel regressions in Table 11.

is defined as follows:

$$Friendshoring_{it} = - \sum_c \omega_{ict} Tension_{ct},$$

where ω equals the fraction of a firm i 's year t volume (shipment) that originates from country c . Higher values of *Friendshoring* indicate that a firm source less quantity of its inputs from countries hostile to the U.S.

We measure future government-granted “benefits” by coding indicators for whether a firm obtains a government contract, applies for tariff exemptions, and receives approval for tariff exemptions over the next 1, 2, and 3 years.²⁴ These indicators are regressed on *Friendshoring*, as well as *Friendshoring* × *Aligned CEO*. Table 12 report the results. In Panel A, we do not find friendshoring firms to be more likely to receive beneficial treatment from the U.S. government. The coefficients on *Friendshoring* have little statistical significance and bear unstable signs across specifications. Results in Panel B further suggest that friendshoring firms headed by aligned CEOs do not obtain significantly greater benefits from the U.S. government compared to those headed by misaligned CEOs.

Taken together, our evidence supports the “partisan identity” mechanism, but not the “rent-preservation” mechanism. In other words, the partisan friendshoring patterns are more likely driven by politically aligned CEOs perceiving geopolitical tensions in line with the official U.S. position and placing greater weight on national considerations, than by incentives to preserve economic benefits or political rents, or by foreign-imposed trade restrictions.

8. Additional Analyses and Robustness

In this section, we examine the robustness of our results across alternative measures, estimation methods, and sampling choices.

8.1. Additional Heterogeneity

We conduct additional heterogeneity analyses to examine how industry-level exposure to geopolitical relationships and the characteristics of trade relationships may shape firms’ import responses to geopolitical tensions.

We first discuss a specific concern, i.e., some large U.S. firms have sizable influence over geopolitical events and concurrently receive special treatments in countries where they source inputs. This argument suggests that our effects should be concentrated over large firms and

²⁴We sincerely thank Veljko Fotak, Hye Seung (Grace) Lee, William L. Megginson for generously sharing their data on firms’ application and receipt of tariff exemptions.

nearly absent among smaller firms. To assess this argument, we separately examine the effect for large and small firms, whereby large (small) firms are defined based on asset sizes being in (below) the top decile of the sample. Results in Table IA.18 show that the partisan friendshoring effect is present among both large and small firms, rather than being concentrated on large firms. The fact that neither group drives the effect exclusively alleviates the concern that our findings are purely driven by the political influence of mega firms.

We next explore whether the partisan friendshoring patterns is stronger among defense firms. Defense firms, by the nature of their business, are more directly exposed to government policy positions and geopolitical risks. For these firms, CEOs' perception about geopolitical risks and their national identity may play a greater role in determining their trade patterns. We define defense firms by combining the list of defense firms provided by Goyal et al. (2002) and the portfolio holdings of Aerospace and Defense ETFs, including iShares U.S. Aerospace & Defense (ITA), Invesco Aerospace & Defense (PPA), SPDR S&P Aerospace & Defense (XAR), and Direxion Daily Aerospace & Defense Bull 3X Shares (DFEN). Results from Panel A of Table 13 indicate that CEO political alignment generates significantly stronger effects on firms' import responses to geopolitical tension among defense firms.

Finally, we examine whether firms' response to geopolitical tensions depends on the duration of existing trade relationships. Prior literature documents that newly formed exporter-importer links are substantially more likely to dissolve, while longer-standing relationships are more resilient (e.g., Monarch and Schmidt-Eisenlohr, 2023; Barrot and Sauvagnat, 2016; Besedeš and Prusa, 2011). Using supplier identifiers in the Panjiva data, we identify individual foreign exporters and track each importer-exporter pair over time. We define *Relationship Length* as the number of semesters since a U.S. importer is first observed to trade with a foreign exporter firm. We then regress *Have Import* on the full interaction of *Tension*, *Aligned CEO*, and *Relationship Length*. This test is performed on two samples, one at the trade pair-product level and one at the trade pair level, without the product dimension. Panel B of Table 13 reports the results. Consistent with our baseline findings, $Tension \times Aligned CEO$ bears a negative sign, suggesting that geopolitical tensions reduce the likelihood that aligned CEOs continue trading with foreign suppliers to a greater extent than misaligned CEOs. However, this effect is significantly attenuated for longer-standing relationships. Our estimate in column (4) implies that a one-standard-deviation increase in relationship length reduces the sensitivity of sourcing decisions to geopolitical tensions by roughly 50%.²⁵ This means that established supply-chain relationships are more resilient to geopolitical shocks.

²⁵A standard deviation of trade duration is 4.5. Thus a one-standard-deviation increase in trade duration is associated with a 0.009 ($= 0.002 \times 4.5$) change in the coefficient of $Tension \times Aligned CEO$. This is a 50% change relative to the coefficient of $Tension \times Aligned CEO$, 0.018.

8.2. Alternative Measures of Geopolitical Tension

We verify the robustness of our baseline results to an alternative measure of geopolitical tension, the *Political Distance* from [Berry et al. \(2010\)](#), which captures institutional differences between countries in their political systems and stability. We re-estimate Equation (3), regressing firm import decisions on the interaction between *Aligned CEO* and *Political Distance*. Table [IA.19](#) reports the results. We find the coefficients on *Aligned CEO* \times *Political Distance* to be significantly negative. The estimates indicate that a one-standard-deviation increase in political distance generates a 11% (8%) greater reduction in import volume (shipments) by aligned CEOs.

Moreover, in Table [IA.20](#), we verify that our results are robust to controlling for other measures of institutional distance between countries as measured in [Berry et al. \(2010\)](#): *Economic Distance*, *Administrative Distance*, *Demographic Distance*, and *Geographic Distance*.

8.3. Alternative Measures of Import Quantity

Next, we test the robustness of our results when we use alternative measures of import quantity, weights and number of containers. We show in Table [IA.21](#) that our results continue to hold, i.e., higher geopolitical tension reduces the total weight (number of containers) of goods imported by aligned firms more than those imported by misaligned firms. Estimates in column (2) and (4) of Table [IA.21](#) suggest that a one-standard-deviation increase in geopolitical tension is associated with a 11% and 8% greater reduction in import weights and the number of containers by aligned firms compared to misaligned firms, respectively.

8.4. Alternative Samples

Our dataset only covers maritime transactions, which is the largest mode of transport by value and accounts for nearly 50% of the value of U.S. imports. Yet, it omits land imports from Canada and Mexico to the U.S. ([Flaen et al., 2023](#)). To evaluate how much the omission of land import affects our results, we repeat the baseline analysis while excluding data from Canada and Mexico. Results are presented in Panel A of Table [IA.22](#). Our results remain robust in this sample both in terms of statistical significance and economic magnitudes.

We further verify whether our results hinge on extremely antagonistic countries. In Panel B of Table [IA.22](#), we show that our results remain robust in a sample excluding imports from China and Russia, which are considered to be the main antagonistic global powers. Moreover, in Table [IA.23](#), we separately estimate our effects for countries whose geopolitical tension with the U.S. falls in the top quartile of the sample and for those whose tension

does not (i.e., “unfriendly” and “friendly” countries), and find similar effects across the two categories. Collectively, these results indicate that firms’ political ideology influence their import decisions from many countries, not just major rivals of the U.S.

8.5. Effects of CEO Partisanship on U.S. Exports

In the last step of our analysis, we examine U.S. firms’ export decisions. Does geopolitical risk arising from destination countries discourage firms’ exports, and do partisan CEOs exhibit diverging responses to such risks? The answer is not *ex ante* clear. On the one hand, export decisions might exhibit similar responses to geopolitical risk as import decisions, since both arise from concerns to global supply chain stability. On the other hand, exports may be insensitive to geopolitical concerns because firms choose their destination countries based on profit maximization and realized policies, rather than partisan preferences and anticipated, unrealized policies.

We analyze the effect of geopolitical tension on the export decisions of partisan firms in an analogous approach as Equation (3), regressing export decisions, both on the extensive and intensive margins, on the interaction of *Aligned CEO* and *Tension*. Results are shown in Table IA.24 of the Internet Appendix. We do not find geopolitical tension to significantly affect export decisions. Aligned and misaligned CEOs do not differ significantly in their export responses to geopolitical tension either. This asymmetry suggests that the effects we document operate primarily through firms sourcing decisions, which are more flexible and forward-looking than export relationships that tend to be shaped by realized demand and contractual commitments. In addition, certain exports may be directly restricted by government policy (e.g., export controls or sanctions), which operate at the regulatory level and leave limited scope for discretionary firm-level adjustment. This also helps explain the absence of differential export responses in our data.

9. Conclusion

This paper examines how U.S. firms respond to rising geopolitical tensions in their global supply chain network, and how the political alignment between CEOs and the U.S. administration shapes such responses. As the world becomes increasingly polarized and geopolitical conflicts intensify, understanding how firms navigate these complex dynamics in their global trade relationships has become crucial for both corporate strategy and economic policy.

Utilizing large-scale, granular datasets on firm import and CEO political affiliations, we find that firms cut imports significantly more from source countries that exhibit increasing

tension from the U.S. (i.e., “friendshoring”). Importantly, this friendshoring response intensifies among firms led by CEOs who are politically aligned with the U.S. administration. Analyzing potential mechanisms, we find that aligned CEOs express greater increases in their geopolitical risk perceptions regarding source countries that display stronger geopolitical tensions with the U.S. National identification, as proxied by CEOs personal donations to veteran causes, also aggravates the partisan friendshoring responses. Collectively, our evidence is consistent with partisan identity shaping CEOs’ risk perceptions and preferences to support their administration. In contrast, we find weak evidence suggesting that aligned CEOs engage in friendshoring to preserve economic rents or political connections with the sitting administration.

Our findings have two implications. First, they suggest that growing political polarization among corporate executives may amplify the economic impacts of geopolitical tensions, potentially accelerating the fragmentation of global supply chains. Second, shareholders view politically motivated supply chain decisions as potentially value-destroying, highlighting the costs of partisan-influenced corporate policies.

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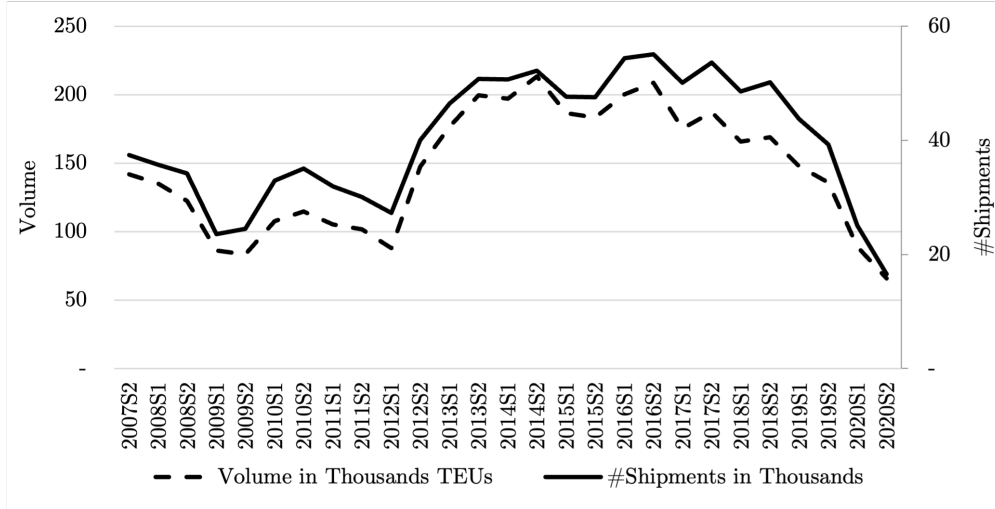
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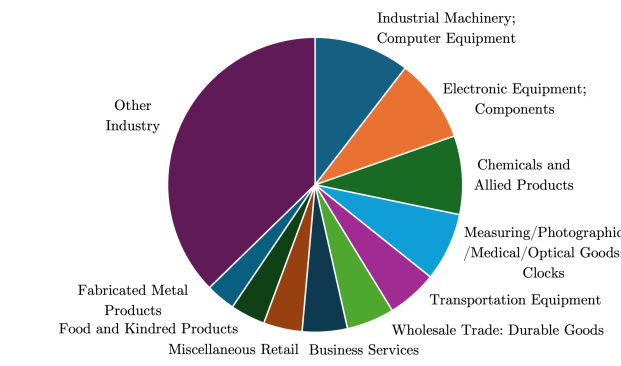
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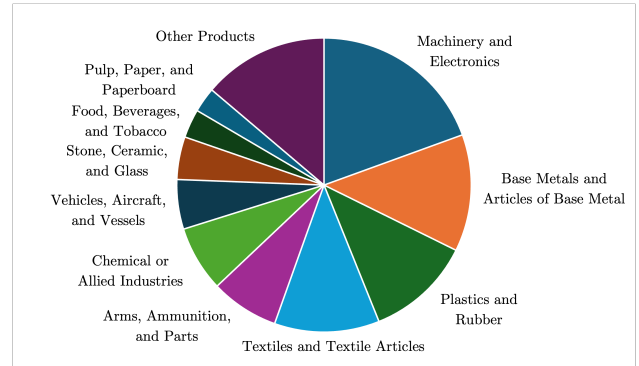
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Panel A: Firms Aggregate Import Pattern

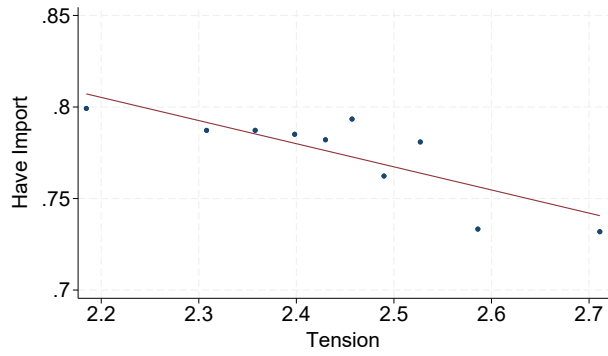


Panel B: Firm Distribution by Industry

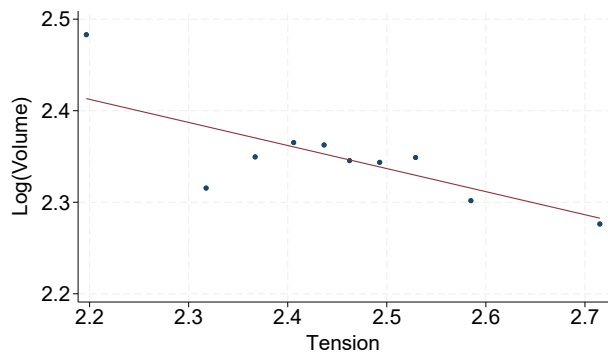


Panel C: Sample Distribution by Product

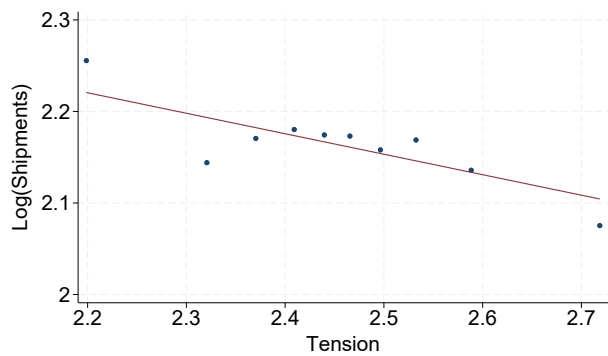
Figure 1: Firms Aggregate Import Pattern and Sample Distribution by Industry and Product
 Panel A plots the aggregate time-series variation in firm import patterns, including the shipping volume (TEUs) and the number of shipments, both in thousands. Panel B plots the distribution of firms across industries (SIC 2-digit code), where the top-10 represented industries are listed. Panel C plots the sample distribution across products, where product is defined using the Harmonized Tariff Schedule of the United States (HTSUS) Section codes and the top-10 product categories are listed.



Panel A: *Have Import*

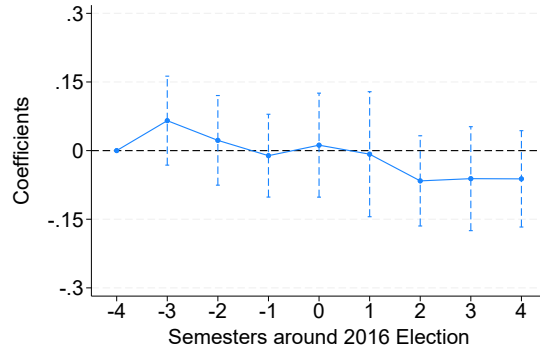


Panel B: *Log(Volume)*

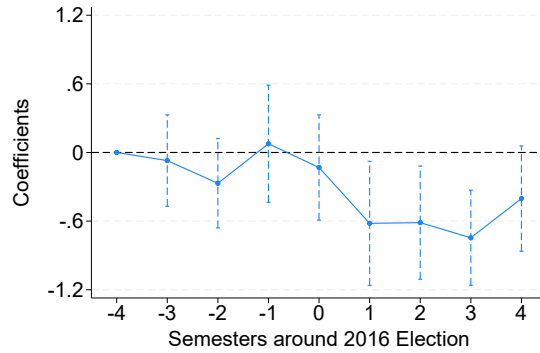


Panel C: *Log(Shipments)*

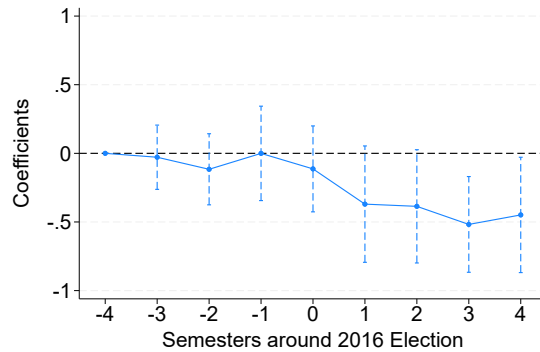
Figure 2: **Binscatter Plot of Geopolitical Tension and Trade** This figure plots the relation between geopolitical tensions and firms' import decisions at the firm-source country level, along both the extensive and intensive margins. The x-axis indicates the geopolitical tension between a source country and the U.S. The y-axis indicates *Have Import* for Panel A, *Log(Volume)* for Panel B, and *Log(Shipments)* for Panel C. *Have Import* is an indicator that turns to one if a firm imports from a source country. Import quantities are measured by both total volume and the number of shipments. The dots represent the average outcomes for each decile of geopolitical tension, and the solid line represents the fitted regression line between the two variables. The regressions control for firm \times source country fixed effects.



Panel A: *Have Import*



Panel B: *Log(Volume)*



Panel C: *Log(Shipment)*

Figure 3: CEO Partisanship and Trade Around the 2016 U.S. Presidential Elections. This figure plots the results from event studies around the 2016 U.S. Presidential elections, examining the differential change in import decisions by Republican and Democrat CEOs around the U.S. election. The coefficients of interest are the interaction between *Rep CEO*, the indicator for a CEO being Republican, *Tension*, the geopolitical tension between a foreign country and the U.S., and event time indicators. Panel A reports results for *Have Import*, Panel B reports results for *Log(Volume)*, and Panel C reports results for *Log(Shipments)*. All regressions control for *Firm×Product×Time*, *Firm×CEO×Country×Product*, and *Country×Product×Time* fixed effects. Within each panel, the blue dots represent the point estimates and the vertical lines represent 95 percent confidence intervals. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.800, 1.901, and 1.817, respectively.

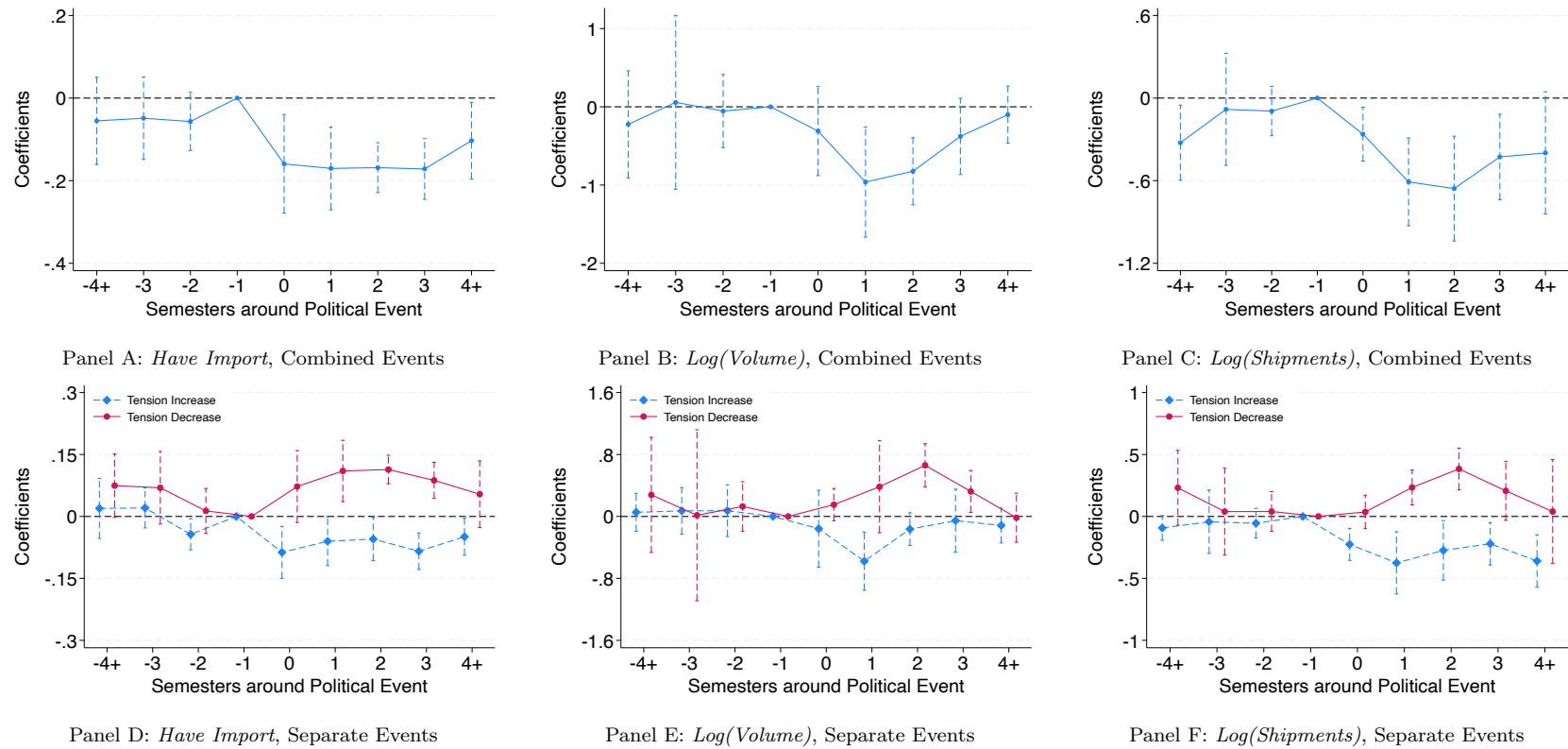


Figure 4: Partisanship Effects on Trade Around Foreign Political Events. This figure plots the results from event studies around foreign political events, including close foreign elections and coups d'état, examining the differential effects on the imports of aligned firms and misaligned firms arising from foreign political events that increase the geopolitical tension between foreign countries and the U.S. Panels A through C report coefficients corresponding to β_k from Equation (6), and the benchmark group is foreign political events that decrease the geopolitical tension. Panels D through F report results for foreign political events that increase and decrease geopolitical tensions separately. Within each row, we present results for *Have Import*, *Log(Volume)*, and *Log(Shipments)*. In Panels D through F, the red dots (blue diamonds) represent coefficient estimates for the effects of tension-decreasing (tension-increasing) political events, and the vertical dashed lines represent 95 percent confidence intervals. We control for the *Event* \times *Firm* \times *CEO* \times *Product* fixed effects and the *Event* \times *Product* \times *Time* fixed effects in all panels, as in Table 6. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.302, 0.513, and 0.827, respectively.

Table 1: **Descriptive Statistics**

This table presents summary statistics for the main variables, including trade quantity measures, firm partisanship variables, and geopolitical tension. The unit of observation is a firm-source country-product-semester. Detailed variable definitions are provided in Appendix [IA.1](#).

Variable	N	Mean	Median	Std
Panel A: Baseline Sample				
<i>Have Import</i>	110,644	0.737	1	0.440
<i>Volume</i>	108,607	36.25	2.110	145.9
<i>Log(Volume)</i>	79,481	1.782	1.792	2.233
<i>Shipments</i>	110,644	9.811	3	21.37
<i>Log(Shipments)</i>	81,518	1.736	1.609	1.262
<i>Tension</i>	110,644	2.645	3.012	0.849
<i>Aligned CEO</i>	110,644	0.454	0	0.498
<i>Country-Specific GPR</i>	40,622	0.0108	0	0.103
<i>Have Gov Contract</i>	110,644	0.373	0	0.484
<i>Have CEO Contribution</i>	110,644	0.241	0	0.428
<i>Have Lobby Spending</i>	110,644	0.288	0	0.453
Panel B: Foreign Political Event Study Sample				
<i>CAR[-5, 5]</i>	14,906	-0.000424	0.000	0.0610
<i>ΔCountry-Specific GPR</i>	10,979	0.00109	0	0.0727

Table 2: **Geopolitical Tension and Trade**

This table reports the effects of geopolitical tension on the likelihood that a firm imports from a source country, and the quantity of the imports. The sample is a firm-source country-product-semester (6 months) panel. The “Extensive Margin” tests use the full sample, which includes all firm-country-product pairs with active import transactions, i.e., firm-country-product pairs with positive import volume for more than 50% of the time. The “Intensive Margin” tests use only observations with nonzero import volume. *Have Import* is an indicator that turns to one if a firm imports a certain product from a source country during a semester. *Volume (Shipments)* refers to the total shipment volume in TEUs (number of shipments) of products imported by the firm from a source country in a semester. *Tension* represents the distance between a foreign country and the U.S. based on their UN voting patterns (Bailey et al., 2017). The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	Extensive Margin		Intensive Margin			
	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.003 (0.022)	-0.003 (0.022)	-0.126 (0.115)	-0.135 (0.111)	-0.105* (0.061)	-0.112* (0.060)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country FE	Yes		Yes		Yes	
Country×Product FE	Yes		Yes		Yes	
Firm×CEO×Country×Product FE		Yes		Yes		Yes
Observations	70,905	70,877	47,949	47,844	49,705	49,606
R^2	0.557	0.570	0.770	0.810	0.741	0.784

Table 3: **Geopolitical Tensions and the Import Decisions by Partisan CEOs**

This table examines the effects of geopolitical tension on the import decisions of partisan firms. The sample is a firm-source country-product-semester panel. The “Extensive Margin” tests use the full sample, which includes all firm-country-product pairs with active import transactions, i.e., firm-country-product pairs with positive import volume for more than 50% of the time. The “Intensive Margin” tests use only observations with nonzero import volume. *Have Import* is an indicator that turns to one if a firm imports a certain product from a source country during a semester. *Volume (Shipments)* refers to the total shipment volume in TEUs (number of shipments) of products imported by the firm from a source country in a semester. *Tension* represents the distance between a foreign country and the U.S. based on their UN voting patterns (Bailey et al., 2017). *Aligned CEO* is an indicator that equals one if a firm’s CEO is affiliated with the same party as the U.S. President, and zero otherwise. The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	Extensive Margin			Intensive Margin					
	<i>Have Import</i>			$\text{Log}(\text{Volume})$			$\text{Log}(\text{Shipments})$		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Tension</i>	-0.000 (0.021)	-0.001 (0.022)		-0.075 (0.113)	-0.125 (0.111)		-0.069 (0.059)	-0.107* (0.059)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.018** (0.007)	-0.018** (0.007)	-0.024*** (0.009)	-0.070** (0.032)	-0.073** (0.035)	-0.154** (0.061)	-0.044** (0.020)	-0.051** (0.022)	-0.084** (0.041)
Firm × Product × Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm × CEO × Country FE	Yes			Yes			Yes		
Firm × CEO × Country × Product FE		Yes	Yes		Yes	Yes		Yes	Yes
Country × Product × Time FE			Yes			Yes			Yes
Observations	70,905	70,877	55,367	47,950	47,844	34,996	49,705	49,606	36,197
R^2	0.547	0.570	0.693	0.736	0.810	0.868	0.696	0.784	0.860

Table 4: **Controlling for Industry Effects**

This table repeats Table 3 while controlling for industry-level factors, such policy anticipation or economic interests, that could influence the partisan friendshoring pattern. In Panel A, we include additional fixed effects regarding industries' economic interests related to presidential terms. *Industry Tilt* represents quintile indicators of industries based on how much firms in that industry may benefit from a Democrat or Republican presidency captured by: industry average [-5, 5] CARs around the most recent presidential election and fraction of political campaign contributions (PAC) from firms in that industry directed to a party. In Panel B, we repeat the baseline analysis while controlling for the interaction of geopolitical tension and industry alignment. *Aligned Industry (CAR)* measures the CARs of an industry surrounding the recent presidential election. *Aligned Industry (PAC)* is the percentage of an industry's PAC contribution attributed to the party in power. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: Controlling for Industry Fixed Effects

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i> × <i>Aligned CEO</i>	-0.021** (0.009)	-0.021** (0.010)	-0.138** (0.061)	-0.144** (0.062)	-0.086** (0.039)	-0.078* (0.044)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry Tilt (CAR)×Country×Time FE	Yes		Yes		Yes	
Industry Tilt (PAC)×Country×Time FE		Yes		Yes		Yes
Observations	53,216	54,020	33,286	33,813	34,321	34,877
R^2	0.731	0.721	0.890	0.882	0.885	0.878

Panel B: Benchmarking Against Industry Alignment Effects

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i> × <i>Aligned CEO</i>	-0.024** (0.009)	-0.023** (0.009)	-0.154** (0.061)	-0.150** (0.062)	-0.084** (0.040)	-0.079* (0.041)
<i>Tension</i> × <i>Aligned Industry (CAR)</i>	-0.004 (0.004)		0.005 (0.024)		0.011 (0.010)	
<i>Tension</i> × <i>Aligned Industry (PAC)</i>		-0.032 (0.024)		-0.114 (0.135)		-0.170** (0.077)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	55,367	55,367	34,996	34,996	36,197	36,197
R^2	0.693	0.693	0.868	0.868	0.860	0.860

Table 5: **Event Study: 2016 U.S. Presidential Election**

This table examines the effects of the 2016 U.S. Presidential Election on the import decisions of firms headed by Republican and Democrat CEOs. The sample is a firm-source country-product-semester panel between 2014 second semester and 2018 second semester, i.e., [-4, +4] semesters around the 2016 U.S. Election. *Have Import* is an indicator that turns to one if a firm imports a certain product from a source country during a semester. *Volume (Shipments)* refers to the total shipment volume in TEUs (number of shipments) of products imported by the firm from a source country in a semester. *Rep CEO* is an indicator that equals one if a firm's CEO is affiliated with the Republican party, and zero otherwise. *Post* indicates time periods after the 2016 election. *Industry Tilt* represents quintile indicators of industries based on how much firms in that industry may benefit from a Democrat or Republican presidency captured by industry average [-5, 5] CARs around the most recent presidential election and fraction of political campaign contributions (PAC) from firms in that industry directed to a party. The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.800, 1.901, and 1.817, respectively. The standard deviation of *Tension* is 0.833. See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and source country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	<i>Have Import</i>			$\text{Log}(\text{Volume})$			$\text{Log}(\text{Shipments})$		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Tension</i> × <i>Rep CEO</i>	-0.073 (0.078)	-0.154** (0.065)	-0.146** (0.068)	-0.221 (0.211)	-0.382 (0.256)	-0.302 (0.310)	-0.003 (0.194)	-0.225 (0.152)	-0.089 (0.175)
<i>Tension</i> × <i>Rep CEO</i> × <i>Post</i>	-0.061* (0.035)	-0.067 (0.056)	-0.043 (0.035)	-0.534** (0.230)	-0.579*** (0.212)	-0.504* (0.259)	-0.374** (0.160)	-0.399*** (0.128)	-0.378** (0.175)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Tilt (CAR)×Country×Time FE		Yes			Yes			Yes	
Industry Tilt (PAC)×Country×Time FE			Yes			Yes			Yes
Observations	19,195	18,425	18,699	13,414	12,798	12,955	14,046	13,338	13,505
R^2	0.709	0.748	0.734	0.906	0.922	0.916	0.899	0.919	0.910

Table 6: **Foreign Political Event Study**

This table examines how foreign political events affect U.S. firms' import decisions. Political events include close foreign elections and coups d'état. Close elections are those whose winning margins fall under the bottom quartile across all foreign elections over our sample period (<4%). The analyses utilize stacked event samples, where for each event, we gather all firms that ever import from the event country over our sample period, and then stack all such events together. The sample includes 621 firms importing from 41 countries. Panel A reports the effects of tension-increasing political events relative tension-decreasing ones, and Panel B reports the effects of tension-increasing and tension-decreasing events separately, and tests whether the effects are symmetric. *Tension Inc* (*Tension Dec*) is an indicator that turns to one if a foreign political event increases (decreases) the geopolitical tension between U.S. and a country. *Aligned CEO* is an indicator that equals one if a firm's CEO is affiliated with the same party as the U.S. President, and zero otherwise. *Post* indicates time periods after the events. The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.302, 0.513, and 0.827, respectively. See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A. Effects of Tension-Increasing Events Relative to Tension-Decreasing Events

Dep. Var.:	(1) <i>Have Import</i>	(2) $\text{Log}(\text{Volume})$	(3) $\text{Log}(\text{Shipment})$
<i>Aligned CEO</i> × <i>Tension Inc</i> × <i>Post</i>	-0.113*** (0.015)	-0.464*** (0.150)	-0.356*** (0.095)
Event × Firm × CEO × Product FE	Yes	Yes	Yes
Event × Product × Time FE	Yes	Yes	Yes
Observations	57,011	10,461	10,935
R^2	0.378	0.813	0.774

Panel B. Separate Effects of Tension-Increasing and Tension-Decreasing Events

Dep. Var.:	(1) <i>Have Import</i>	(2) $\text{Log}(\text{Volume})$	(3) $\text{Log}(\text{Shipment})$
<i>Aligned CEO</i> × <i>Tension Inc</i> × <i>Post</i>	-0.064*** (0.020)	-0.265* (0.154)	-0.251** (0.091)
<i>Aligned CEO</i> × <i>Tension Dec</i> × <i>Post</i>	0.049*** (0.015)	0.199** (0.094)	0.105 (0.071)
<i>Symmetric Effect</i> (<i>Tension Inc</i> + <i>Tension Dec</i>)	-0.015 (0.032)	-0.065 (0.206)	-0.146 (0.134)
Event × Firm × CEO × Product FE	Yes	Yes	Yes
Event × Product × Time FE	Yes	Yes	Yes
Observations	57,011	10,461	10,935
R^2	0.378	0.813	0.774

Table 7: **Firm Value Changes Around Foreign Political Events**

This table reports the stock market reactions around foreign political events occurring in firms' source countries. Political events include presidential elections and coups d'état. The sample is a firm by foreign event panel. The dependent variable is $CAR[-5, 5]$, the cumulative abnormal return during the $[-5, 5]$ -day window around each foreign political event, relative to the Fama-French three-factor model. *Tension Inc* (*Tension Dec*) is an indicator for whether an foreign political event increases (decreases) the geopolitical tension between the U.S. and a country. *Aligned CEO* is an indicator for a firm's CEO being affiliated with the same party as the U.S. President, and zero otherwise. *Affected Firms* (*Heavily Affected Firms*) means all firm-event pairs where the firm's import over 1% (5%) of its total volume (TEUs) from the event country during the year before the event. *Unaffected Firms* includes firm-election pairs where the firm source less than 1% (including 0) of its import from those countries. See Appendix IA.1 for variable definitions. $CAR[-5, 5]$ has a mean of -0.003% and standard deviation of 0.062. Standard errors are reported in parentheses and are heteroskedasticity robust and clustered by event country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.: $CAR[-5, 5]$	Affected Firms ($\geq 1\%$ Exposure)		Heavily Affected Firms ($\geq 5\%$ Exposure)		Unaffected Firms ($< 1\%$ Exposure)	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Aligned CEO</i> × <i>Tension Inc</i>	-0.008* (0.004)	-0.011** (0.005)	-0.016** (0.007)	-0.019** (0.009)	0.003 (0.002)	0.002 (0.002)
<i>Aligned CEO</i> × <i>Tension Dec</i>	0.001 (0.003)	0.002 (0.003)	-0.004 (0.005)	-0.004 (0.006)	-0.002 (0.001)	-0.003* (0.001)
Event FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE		Yes		Yes		Yes
Observations	2,626	2,424	1,358	1,114	12,256	12,170
R^2	0.047	0.236	0.077	0.350	0.024	0.095

Table 8: **Perceived Geopolitical Risk of Sourcing Country**

This table examines the effects of geopolitical tension on the perceived geopolitical risk of partisan firms. The sample is a firm-source country-semester panel. *Country-Specific GPR* is an indicator for whether a firm expresses geopolitical risks regarding a specific sourcing country in its earnings calls during a semester. Section IA.5 describes the construction of this variable in detail. *Tension* represents the distance between a foreign country and the U.S. based on their UN voting patterns (Bailey et al., 2017). *Aligned CEO* is an indicator that equals one if a firm’s CEO is affiliated with the same party as the U.S. President, and zero otherwise. See Appendix IA.1 for variable definitions. *Country-Specific GPR* has a mean of 0.011 and a standard deviation of 0.103. The standard deviation of *Tension* is 0.891. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.: <i>Country-Specific GPR</i>	(1)	(2)
<i>Aligned CEO</i>	-0.012 (0.007)	
<i>Tension</i>	-0.002 (0.004)	-0.000 (0.004)
<i>Aligned CEO</i> × <i>Tension</i>	0.004* (0.002)	0.006* (0.003)
Firm × CEO × Country FE	Yes	Yes
Time FE	Yes	
Firm × Time FE		Yes
Observations	40,622	38,732
R^2	0.262	0.418

Table 9: **Perceived Geopolitical Risk Around Foreign Political Events**

This table reports the results regarding the firm’s perceived geopolitical risk around tension-increasing and tension-decreasing foreign political events, including elections and coups d’états. The dependent variable is the change in firms’ perceived geopolitical risks from two quarters before and after the event. Panel A presents results regarding geopolitical risk concerns expressed by firms regarding the specific event country, using a firm-country-event sample. *Country-Specific GPR* is an indicator for whether a firm expresses geopolitical risks regarding a specific sourcing country in its quarterly earnings calls. Δ *Country-Specific GPR* has a mean of 0.001 and standard deviation of 0.067. Panel B reports results about the changes in firms’ overall geopolitical risk concerns, using a firm-event sample. *GPR* is constructed by [Caldara and Iacoviello \(2022\)](#) using individual firms’ quarterly earnings calls. Δ *GPR* has a mean of 0.003 and a standard deviation of 0.875. *Tension Inc* is an indicator that equals one if the foreign political event increases the geopolitical tension between the U.S. and the electing country, and zero otherwise. See Appendix [IA.1](#) for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and clustered by country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A. Firm-Country-Level GPR Around Foreign Political Events

Dep. Var.: Δ <i>Country-Specific GPR</i>	Affected Firms ($\geq 1\%$ Exposure)		Heavily Affected Firms ($\geq 5\%$ Exposure)		Unaffected Firms ($< 1\%$ Exposure)	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Aligned CEO</i>	-0.001 (0.001)	-0.000 (0.007)	-0.002 (0.002)	0.024 (0.019)	-0.003 (0.003)	0.000 (0.004)
<i>Aligned CEO</i> \times <i>Tension Inc</i>	0.017** (0.007)	0.019** (0.009)	0.026** (0.012)	0.010 (0.018)	0.003 (0.005)	0.002 (0.005)
Event FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE		Yes		Yes		Yes
Observations	1,754	1,579	889	685	9,204	9,135
R^2	0.058	0.217	0.108	0.440	0.017	0.065

Panel B. Firm-Level GPR Around Foreign Political Events

Dep. Var.: Δ <i>GPR</i>	Affected Firms ($\geq 1\%$ Exposure)		Heavily Affected Firms ($\geq 5\%$ Exposure)		Unaffected Firms ($< 1\%$ Exposure)	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Aligned CEO</i>	0.034 (0.067)	0.007 (0.137)	-0.042 (0.094)	0.137 (0.136)	-0.019 (0.024)	0.002 (0.037)
<i>Aligned CEO</i> \times <i>Tension Inc</i>	0.185* (0.094)	0.191* (0.109)	0.219* (0.126)	0.147 (0.200)	0.011 (0.041)	0.014 (0.042)
Event FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE		Yes		Yes		Yes
Observations	1,534	1,372	789	605	7,967	7,900
R^2	0.0758	0.294	0.0874	0.415	0.0253	0.0959

Table 10: **CEO Donations to Veterans Causes**

This table reports the effects of geopolitical tensions on the importing decisions by partisan firms and CEOs's donations to veteran causes. Sample and variable definitions are the same as in Table 3. *Veteran Donor* is a dummy that equals one if the CEO has donated to veterans causes, and zero otherwise. The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.001 (0.022)		-0.137 (0.113)		-0.119** (0.058)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.017** (0.008)	-0.023** (0.009)	-0.061* (0.035)	-0.140** (0.058)	-0.046** (0.021)	-0.070* (0.037)
<i>Tension</i> × <i>Veteran Donor</i>	0.012 (0.076)	0.159 (0.132)	0.457* (0.260)	0.143 (0.470)	0.444* (0.233)	0.437 (0.400)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Veteran Donor</i>	-0.036 (0.034)	-0.053** (0.024)	-0.426*** (0.157)	-0.539** (0.224)	-0.224 (0.173)	-0.529*** (0.132)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,877	55,367	47,844	34,996	49,606	36,197
R^2	0.570	0.693	0.810	0.868	0.784	0.860

Table 11: **Geopolitical Tensions and the Import Decisions of Government Contractors, Political Contributors, and Lobby Spenders**

This table reports the effects of geopolitical tensions on the importing decisions by firms with and without political connections or influence. Sample and variable definitions are the same as in Table 3. *Have Gov Contract* is an indicator that equals one if the firm has received a government contract in the past three years. *High Gov Contract* is an indicator that equals one if the total value of the government contracts a firm has received in the past three years is above the sample median across all firms that received government contracts over the same period. Similarly, *Have CEO Contribution* (*High CEO Contribution*) indicates whether a CEO has made any political contribution (above sample median contribution) to the party of the current president. *Have Lobby Spending* (*High Lobby Spending*) indicates whether a firm has made any lobbying expenses (above median lobbying expenses) over the past three years. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: Government Contract

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Have Gov Contract</i>	-0.020 (0.016)	-0.011 (0.019)	0.024 (0.078)	0.024 (0.095)	-0.003 (0.043)	-0.026 (0.044)
<i>Tension</i> × <i>Aligned CEO</i> × <i>High Gov Contract</i>	-0.008 (0.015)	0.003 (0.016)	-0.019 (0.075)	0.003 (0.094)	-0.019 (0.041)	-0.023 (0.045)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes

Panel B: CEO Political Contribution

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Have CEO Contribution</i>	-0.003 (0.031)	-0.011 (0.026)	-0.073 (0.172)	0.020 (0.202)	-0.016 (0.095)	0.056 (0.105)
<i>Tension</i> × <i>Aligned CEO</i> × <i>High CEO Contribution</i>	0.016 (0.044)	0.016 (0.033)	-0.064 (0.116)	0.004 (0.141)	-0.054 (0.110)	-0.025 (0.116)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes

Panel C: Firm Lobby Spending

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Have Lobby Spending</i>	-0.029 (0.018)	0.007 (0.022)	0.002 (0.085)	0.022 (0.083)	-0.052 (0.059)	-0.099 (0.066)
<i>Tension</i> × <i>Aligned CEO</i> × <i>High Lobby Spending</i>	-0.042** (0.021)	-0.009 (0.026)	0.023 (0.109)	-0.034 (0.098)	-0.037 (0.067)	-0.119 (0.079)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes

Table 12: **Friendshoring and Future Government-Granted Benefits**

This table examines whether friendshoring is associated with future beneficial treatments from the U.S. government. *Have Gov Contract* is an indicator that equals one if the firm receives a government contract in the future. *Apply for Tariff Exemption* indicates whether a firm applies for tariff exemption in the future, and *Approved Tariff Exemption* indicates whether a firm receives approval for tariff exemption in the future. The sample is a firm-year panel. Data on tariff exemptions are available from 2018–2020. All indicators are separately coded for year $t + 1$, $t + 2$, and $t + 3$. For the tariff exemption test, the sample starts from 2017, 2016, and 2015 for horizon $t + 1$, $t + 2$, and $t + 3$, respectively. *Friendshoring* is the weighted average of negative geopolitical tension across all of a firm’s source countries, with the weights being the firm’s total import volume or shipment across all products from that source country during year t . We include firm fixed effects and year fixed effects in all specifications. The standard deviations of *Friendshoring (Volume)* and *Friendshoring (Shipment)* are 0.712 and 0.668, respectively. Standard errors are reported in parentheses and are heteroskedasticity robust and clustered by firm. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: Friendshoring and Future Beneficial Treatment

Dep. Var.:	<i>Have Gov Contract</i>			<i>Apply for Tariff Exemption</i>			<i>Approved Tariff Exemption</i>		
<i>Horizon:</i>	$t + 1$	$t + 2$	$t + 3$	$t + 1$	$t + 2$	$t + 3$	$t + 1$	$t + 2$	$t + 3$
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Friendshoring (Volume)</i>	0.010 (0.008)	0.005 (0.008)	-0.002 (0.008)	-0.005 (0.017)	0.018 (0.012)	-0.001 (0.012)	0.012 (0.013)	0.003 (0.006)	0.007 (0.005)
<i>Friendshoring (Shipment)</i>	0.006 (0.009)	0.005 (0.009)	-0.002 (0.010)	0.002 (0.016)	0.017 (0.011)	0.008 (0.010)	0.019 (0.013)	0.007 (0.006)	0.002 (0.005)

Panel B: Differential Beneficial Treatments of Friendshoring for Aligned and Misaligned Firms

Dep. Var.:	<i>Have Gov Contract</i>			<i>Apply for Tariff Exemption</i>			<i>Approved Tariff Exemption</i>		
<i>Horizon:</i>	$t + 1$	$t + 2$	$t + 3$	$t + 1$	$t + 2$	$t + 3$	$t + 1$	$t + 2$	$t + 3$
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Friendshoring (Volume) × Aligned CEO</i>	-0.006 (0.011)	0.013 (0.012)	0.002 (0.013)	-0.005 (0.037)	-0.017 (0.018)	0.001 (0.016)	0.025 (0.024)	0.009 (0.012)	0.000 (0.008)
<i>Friendshoring (Shipment) × Aligned CEO</i>	-0.010 (0.012)	0.017 (0.013)	0.004 (0.014)	0.022 (0.032)	-0.020 (0.018)	-0.006 (0.017)	0.034 (0.022)	0.001 (0.012)	-0.000 (0.009)

Table 13: **Additional Heterogeneity: Defense Firms and Relationship Duration**

This table reports additional heterogeneity of our findings. Panel A examines the differential effects CEO political ideology on trade responses between defense and non-defense firms and Panel B reports the moderating effect of trade relationship duration. In Panel A, *Defense Firms* are identified using Goyal et al. (2002) and the portfolio holdings of defense ETFs (ITA, PPA, XAR, and DFEN). The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. In Panel B, we identify individual exporter firms and measure *Relationship Length* as the number of semesters since a U.S. firm first traded with a foreign exporter till now. The unit of observation is a U.S. importer-foreign exporter-product-semester in columns (1) and (2), and a U.S. importer-foreign exporter-semester in columns (3) and (4). The mean of *Have Import* is 0.257 for columns (1)–(2) and 0.289 for columns (3)–(4). The standard deviation of *Relationship Length* is 4.775 for columns (1)–(2) and 4.534 for columns (3)–(4). See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity-robust and double-clustered by firm and country. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Defense Firms						
Dep. Var.:	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i> × <i>Aligned CEO</i>	-0.011 (0.008)	-0.018* (0.009)	-0.048 (0.038)	-0.142** (0.064)	-0.033 (0.024)	-0.075* (0.042)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Defense Firm</i>	-0.056*** (0.011)	-0.049*** (0.008)	-0.207*** (0.073)	-0.107 (0.099)	-0.139*** (0.030)	-0.085*** (0.036)
Other Interaction Terms	Yes	Yes	Yes	Yes	Yes	Yes
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,877	55,367	47,844	34,996	49,606	36,197
R^2	0.570	0.693	0.810	0.868	0.784	0.860

Panel B: Relationship Duration and Trade Survival					
Dep. Var.: <i>Have Import</i>	(1)	(2)	(3)	(4)	
<i>Tension</i> × <i>Aligned CEO</i>		-0.006 (0.005)	-0.007 (0.008)	-0.013** (0.006)	-0.018*** (0.006)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Relationship Length</i>		0.002** (0.001)	0.002** (0.001)	0.002** (0.001)	0.002** (0.001)
Other Interaction Terms		Yes	Yes	Yes	Yes
Firm×Product×Time FE		Yes	Yes		
Firm×CEO×Country×Product FE		Yes	Yes		
Country×Product×Time FE			Yes		
Firm×Time FE				Yes	Yes
Firm×CEO×Country FE				Yes	Yes
Country×Time FE					Yes
Observations		609,863	605,797	355,325	355,140
R^2		0.198	0.214	0.171	0.178

Internet Appendix for Partisan Friendshoring

Meghana Ayyagari, Janet Gao, and Pengfei Ma

This document provides additional data descriptions and robustness tests. Section [IA.1](#) provides variable definitions. Section [IA.2](#) provides additional statistics regarding the procedures and data sources used to construct the sample. Section [IA.3](#) provides results from several additional tests surrounding the baseline analysis. We start by showing our baseline results are robust to alternative samples, where we use alternative definitions of active importers and include party-switchers. We also show that our baseline results are robust to defining CEOs' party affiliation based on voting registration. We then present the standalone effects of CEO alignment and CEO party affiliation on import volume, and then demonstrate the separate effects of CEO affiliation under Democrat and Republican President. We next examine whether the effects are driven by CEO party. We further decompose our main effect, showing separately how each type of partisan CEOs respond to geopolitical tensions under Democrat and Republican Presidents. We also show that our baseline results are robust to (1) controlling for CEO political alignment defined by political contribution; (2) controlling for board or firm alignment with the President; (3) estimating Geopolitical Tension measure using different types, issues, and timing of UNGA votes. Section [IA.4](#) presents additional event study results. We start by presenting the results of the 2008 U.S. presidential election event study, followed by showing the results of using alternative outcome variables for the foreign political event study. We then report the effects of foreign political events on geopolitical tensions. We next show the event study results using only close elections and coups d'état. We also examine the operating performance around foreign political events. Section [IA.5](#) describes the construction of country-specific firm-level measures of geopolitical risk (GPR) based on earnings conference call transcripts. Section [IA.6](#) reports additional mechanism analysis results. In Section [IA.7](#), we provide results from several robustness tests. Importantly, we show that our results are robust to various changes in measurement, specifications, and sampling methodologies, including (1) alternative measures of geopolitical tension – political distance introduced by [Berry et al. \(2010\)](#), and we present results where we additionally control for other measures of distances between countries, including demographic distance, economic distance, administrative distance, and geographic distance; (2) alternative measures of firm import quantities; (3) alternative samples that exclude imports from China and Russia, or exclude imports from Mexico and Canada. We provide additional evidence regarding the effects for countries with above- and below-median geopolitical tension, and firms with above- and below-median asset sizes. Lastly, Section [IA.8](#) examines the effects of geopolitical tension on the export decisions of partisan firms.

IA.1. Variable Definitions

- *Have Import*: An indicator variable that equals one if a firm imports a certain product from a source country during a semester, and zero otherwise. Data source: Panjiva.
- *Volume*: The total shipment volume in twenty-foot equivalent units (TEUs) for a certain product imported by a firm from a source country during a semester. If the firm does not import the product from a country and semester, the volume is set to zero. The variable is winsorized at the 1% and 99% levels. Data source: Panjiva.
- *Shipments*: The total number of shipments of a certain product imported by a firm from a source country during a semester. If the firm does not import the product from a country and semester, the number of shipments is set to zero. The variable is winsorized at the 1% and 99% levels. Data source: Panjiva.
- *Weight*: The total shipment weight (in kilograms) of a product imported by a firm from a source country during a semester. If the firm does not import the product from a country and semester, the shipment weight is set to zero. The variable is winsorized at the 1% and 99% levels. Data are obtained from Panjiva.
- *Containers*: The total number of shipment containers of a product imported by a firm from a source country during a semester. If the firm does not import the product from a country and semester, the number of container is set to zero. The variable is winsorized at the 1% and 99% levels. Data are obtained from Panjiva.
- *Aligned CEO*: An indicator variable that equals one if a CEO's party affiliation is the same as the party of the U.S. president, and zero otherwise. CEO's party affiliation is determined based on their voting history in national primaries. Data source: Capital IQ and L2, Inc.
- *Dem CEO*: An indicator variable that equals one if a CEO is affiliated with the Democratic party, and zero otherwise. Data source: Capital IQ and L2, Inc.
- *Rep CEO*: An indicator variable that equals one if a CEO is affiliated with the Republican party, and zero otherwise. Data source: Capital IQ and L2, Inc.
- *Other CEO*: An indicator variable that equals one if a CEO is affiliated with the other parties (neither the Republican party nor the Democrat party), and zero otherwise. Data source: Capital IQ and L2, Inc.
- *Tension*: Geopolitical tension between the U.S. and a source country, measured as the absolute difference in the two countries' ideal points estimated from those countries' voting behavior in the UN General Assembly (Bailey et al., 2017). Data source: Voeten (2013).
- *Tension Inc (Dec)*: An indicator that equals one if the foreign political event increases (decreases) the geopolitical tension between the U.S. and the electing country, and zero otherwise. Data source: the Manifesto Project Database (MPD) and Voeten (2013).
- *Aligned Industry (CAR)*: The average CARs during the [-5, 5]-day window around the most recent President election, relative to the Fama-French three-factor model, for firms within the industry. Data source: CRSP.

- *Aligned Industry (PAC)*: The percentage of an industry's PAC contribution attributed to the party in power during the most recent two-year election cycle. Data source: Federal Election Commission (FEC).
- *Country-Specific GPR*: An indicator that equals one if the management's prepared remarks section of the earnings call mentions geopolitical risk (GPR) of a specific country, and zero otherwise. Detailed methodology is described in Section IA.5. Data source: S&P CapitalIQ Transcripts.
- ΔGPR : The change in firms' average perceived geopolitical risks two quarters before and after the foreign election, where *GPR* is constructed by [Caldara and Iacoviello \(2022\)](#) using quarterly earnings calls. Data source: [Caldara and Iacoviello \(2022\)](#).
- *Defense*: An indicator that equals one if a firm is a defense firm, which is identified using the defense firm list from [Goyal et al. \(2002\)](#) and the portfolio holdings of defense ETFs (ITA, PPA, XAR, and DFEN). Data source: [Goyal et al. \(2002\)](#).
- *Veteran Donor*: An indicator variable that equals one if the CEO has donated to Veterans Causes, and zero otherwise. Data source: L2, Inc.
- *Have (High) Gov Contract*: An indicator that equals one if the firm has received a government contract (above sample median government contract amount) in the past three years. Data source: USASPENDING.gov.
- *Have (High) CEO Contribution*: An indicator that equals one if the CEO has made political contribution (above sample median political contribution amount). Data source: L2, Inc.
- *Have (High) Lobby Spending*: An indicator that equals one if the firm has lobbying spending (above sample median lobbying spending amount) in the past three years. Data source: LobbyView.
- $CAR[-5, 5]$: The cumulative abnormal return during the $[-5, 5]$ -days time window around the foreign election, calculated using the Fama-French three-factors model. Data source: CRSP.
- *Large (Small) Firm*: an indicator that equals one if the firm's lagged asset size falls (does not fall) in the top decile (top 10%) of the sample, and zero otherwise. Data source: Compustat.
- *Friendshoring (Volume or Shipment)*: The weighted average of the negative of geopolitical tension between the U.S. and the sourcing country, where the weights are the importing volume or number of shipments from the sourcing country. Data source: [Voeten \(2013\)](#) and Panjiva.
- *Apply for (Approved) Tariff Exemption*: An indicator that equals one if the firm applies (or get approved) for tax exemptions. Data source: [Fotak et al. \(2025\)](#).

IA.2. Sample Construction and Statistics

IA.2.1. Details on Sample Construction

We construct a sample that tracks firms' importing activity following (Smirnyagin and Tsyvinski, 2022) and (Bisetti et al., 2026). We have detailed the sample construction steps below:

1. We start with the universe of shipments imported by U.S. consignees. We drop observations with the missing firm identifier, *conpanjivaid*.
2. We use the cross-reference file (provided by Panjiva) to merge with S&P Capital and obtain the corresponding identifiers (*companyid*). Observations with the missing *companyid* are dropped from the sample.
3. For each firm, we use the following steps to get its ultimate parent *companyid* overtime.
 - (a) S&P BECRS provides the cross-reference file between *companyid* and D&B *DUNS ID*. The *DUNS ID* is the identifier used in NETS, which is panel data where we can track the firm's ultimate parent over time.
 - (b) For those firms that can not be matched with NETS, we rely on the S&P BECRS Ultimate Parent Point-in-Time package. It tracks the parent-to-subsiary relationship starting in 2018. For the sample period before 2018, we use the parent-to-subsiary relationship in 2018, assuming the relationship did not change.
4. We next attempt to obtain *gvkey*, based on the *companyid* of the ultimate parent. For this purpose, we use the crosswalk from BECRS. The crosswalk contains the starting and ending date for every *companyid-gvkey* tuple; we make sure to use the correct concordance depending on the time period. That is, for each year, we keep those tuples that are active in a given year.
5. For the firms that are matched with *companyid* but not matched to its parent *gvkey* following the steps above, we use the cross-reference file between *companyid* and *gvkey* to get their *gvkey* directly.
6. The cross-reference file for *conpanjivaid* and *companyid* only covers less than 15% of Panjiva firms (Flaen et al., 2023). We supplement this by constructing our own crosswalks, for Panjiva consignees that cannot be matched with Capital IQ companies in step 2. We match Panjiva firms with NETS based on geo-located addresses (*Placekey*) and names, then repeat steps 3.a and 4 to get their parent *gvkey*.
7. We drop firms if we observe them making transactions less than 50 percent of the time.
8. To reduce the impact of firms' redactions, we drop firms with import volume exceeds the mean plus/minus 3 standard deviations at any point of time. The mean and standard deviation are computed individually for each firm. This way, we try to eliminate companies with big spikes (up or down) in the import volumes; this can (plausibly) result from their redacting activity.
9. When a carrier handles a shipment end-to-end, then this logistic company will be recorded as a consignee. To address this issue, we first use the list of the largest 100 logistic companies and exclude observations where these logistic companies are recorded as consignees. We then drop firms in the transportation industry (SIC first digit = 4).

10. We drop firms from the finance industry (SIC first digit = 6).
11. We add two years (four semesters) before the semester in which a given firm-country-product pair appears in our sample and extend the panel by two years (four semesters) after the last year in which the pair appears in the data.
12. For our baseline analysis, we only keep active import transactions: we drop firm-product-country pairs if we observe them making transactions less than 50 percent of the time.

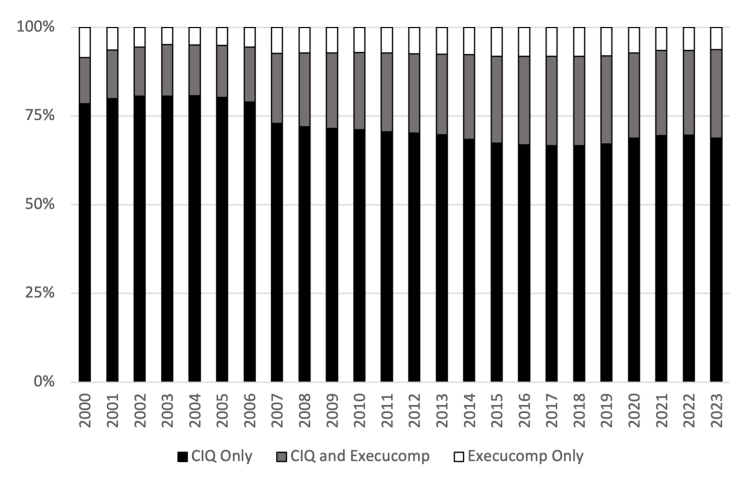


Figure IA.1: **CEO Data Coverage by Capital IQ People Intelligence and Execucomp** This figure plots the comparison of CEO data coverage by Capital IQ People Intelligence and Execucomp. We collect firm-year panel data on CEO information from Capital IQ People Intelligence and Execucomp for Compustat U.S. firms, and then outer-join these two data to compare the data coverage. *CIQ Only* indicates the percentage of firms covered only by Capital IQ People Intelligence each year. *Execucomp Only* indicates the percentage of firms covered only by Execucomp each year. *CIQ and Execucomp* indicates the percentage of firms covered by both Capital IQ People Intelligence and Execucomp each year.

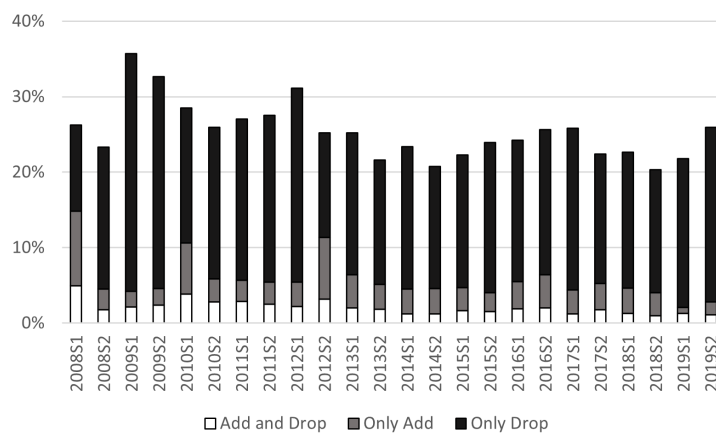


Figure IA.2: **Percentage of Firms by Switching Status** This figure plots the percentage of firms that add and/or drop the import of products from at least one source country in a semester. “Add” means that a firm is importing from a new source country that it has not imported from over the past year. “Drop” means that a firm stops importing from an existing source country in the next year. “Add and Drop” means that a firm adds a country and drops a country in the same semester.

IA.3. Baseline Extensions

Table IA.1: **Alternative Definition of “Active Importers”**

This table examines the effects of geopolitical tension on the import decisions of partisan firms using alternative samples of active importers. The sample is a firm-source country-product-semester panel. Panel A includes firm-country-product trios with positive import volume for more than 60% of the time, and Panel B includes firm-country-product trios with positive import volume for more than 70% of the time. Variable definitions are the same as in Table 3. For Panel A, the means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.788, 1.947, and 1.856, respectively. For Panel B, the means are 0.851, 2.174, and 2.027. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: Imports in > 60% Observations						
Dep. Var.:	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipment})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.009 (0.024)		-0.110 (0.118)		-0.097 (0.066)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.019** (0.008)	-0.023** (0.011)	-0.105** (0.041)	-0.187*** (0.062)	-0.073*** (0.025)	-0.113*** (0.040)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	51,982	39,003	37,632	26,974	39,164	27,909
R^2	0.590	0.714	0.816	0.876	0.789	0.868

Panel B: Imports in > 70% Observations						
Dep. Var.:	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipment})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.000 (0.025)		-0.017 (0.119)		-0.034 (0.070)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.025*** (0.009)	-0.036*** (0.013)	-0.126* (0.065)	-0.200*** (0.074)	-0.082** (0.037)	-0.097** (0.047)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	32,151	22,378	25,503	17,143	26,523	17,734
R^2	0.609	0.736	0.827	0.890	0.802	0.884

Table IA.2: **Including Party-Switchers**

This table repeats the baseline analysis of Table 3 while including CEOs that voted in more than one party's national primaries over our sample period. Variable definitions are the same as in Table 3. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.735, 1.760, and 1.751, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipment)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.003 (0.022)		-0.050 (0.097)		-0.076 (0.055)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.016** (0.006)	-0.022** (0.009)	-0.077*** (0.028)	-0.105** (0.041)	-0.036* (0.019)	-0.046 (0.030)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	81,126	65,283	54,976	41,594	56,912	43,100
R^2	0.564	0.684	0.807	0.859	0.783	0.855

Table IA.3: **CEO Political Alignment Based on Voter Registration Records**

This table repeats the baseline analysis of Table 3, where CEO partisanship is measured by their voter registration records. *Aligned CEO (Registration)* is an indicator that equals one if a CEO is registered with the same party as the U.S. President. The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.742, 1.708, and 1.709, respectively. The standard deviation of *Tension* is 0.846. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.	Extensive Margin		Intensive Margin			
	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.003 (0.020)		-0.265* (0.141)		-0.170** (0.082)	
<i>Tension</i> × <i>Aligned CEO (Registration)</i>	-0.011 (0.009)	-0.040** (0.018)	-0.084** (0.039)	-0.154** (0.065)	-0.046** (0.023)	-0.085* (0.043)
Firm × Product × Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm × CEO × Country × Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country × Product × Time FE		Yes		Yes		Yes
Observations	45,551	33,338	31,486	21,541	31,959	21,729
R^2	0.580	0.714	0.820	0.880	0.801	0.881

Table IA.4: **CEO Party Affiliation and Trade**

This table reports the effect of CEOs partisanship on their firm’s import decisions. Sample and variable definitions are the same as in Table 3. *Rep CEO* and *Dem CEO* are indicators for whether a firm’s CEO is affiliated with the Republican or Democratic party, respectively. *Rep President* and *Dem President* are indicator variables indicating whether the current U.S. administration is Republican and Democrat, respectively. The means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.737, 1.782, and 1.736, respectively. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: CEO Alignment and Firm Import Decisions

Dep. Var.	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Aligned CEO</i>	0.013 (0.014)	0.007 (0.010)	-0.030 (0.035)	-0.041 (0.029)	-0.013 (0.031)	-0.015 (0.026)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry×Product×Time FE		Yes		Yes		Yes
Observations	95,314	84,755	66,612	57,194	68,136	58,698
R^2	0.376	0.512	0.720	0.786	0.685	0.764

Panel B: CEO Party and Firm Import Decisions

Dep. Var.	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Dem CEO</i>	-0.014 (0.021)	-0.017 (0.027)	0.292** (0.140)	0.034 (0.198)	-0.018 (0.058)	-0.097 (0.105)
<i>Rep CEO</i>	-0.018 (0.021)	-0.023 (0.023)	0.293* (0.160)	0.082 (0.173)	0.037 (0.063)	-0.036 (0.088)
Country×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry×Product×Time FE		Yes		Yes		Yes
Observations	95,385	84,828	67,087	57,832	68,601	59,307
R^2	0.222	0.377	0.208	0.409	0.178	0.385

Panel C: CEO Party, President Party, and Import Decisions

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Dem CEO</i> × <i>Dem President</i>	0.020 (0.028)	-0.008 (0.037)	0.303 (0.191)	-0.056 (0.334)	-0.013 (0.097)	-0.151 (0.191)
<i>Dem CEO</i> × <i>Rep President</i>	-0.069* (0.037)	-0.032 (0.024)	0.275 (0.403)	0.210 (0.296)	-0.026 (0.201)	0.018 (0.165)
<i>Rep CEO</i> × <i>Dem President</i>	0.003 (0.024)	-0.021 (0.031)	0.277** (0.131)	0.060 (0.262)	0.027 (0.059)	-0.078 (0.139)
<i>Rep CEO</i> × <i>Rep President</i>	-0.052 (0.034)	-0.028 (0.022)	0.317 (0.391)	0.152 (0.270)	0.052 (0.183)	0.057 (0.144)
Country×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry×Product×Time FE		Yes		Yes		Yes
Observations	95,385	84,828	67,087	57,832	68,601	59,307
R^2	0.222	0.377	0.208	0.409	0.178	0.385

Table IA.5: **Are the Effects Driven by CEO Party**

This table examines the effects of geopolitical tension on the import decisions of partisan firms. Sample and variable definitions are the same as in Table 3. *Rep CEO* (*Dem CEO*) is an indicator that equals one if a firm's CEO is affiliated with the Republican (Democratic) party, and zero otherwise. *Differential Effect* reports the difference between the coefficients of *Tension*×*Rep CEO* and *Tension*×*Dem CEO*. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.	Extensive Margin		Intensive Margin			
	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.043 (0.135)		0.131 (0.399)		0.063 (0.309)	
<i>Tension</i> × <i>Rep CEO</i>	0.054 (0.134)	0.049 (0.154)	-0.311 (0.390)	-0.209 (0.450)	-0.177 (0.329)	-0.229 (0.299)
<i>Tension</i> × <i>Dem CEO</i>	0.007 (0.135)	0.005 (0.152)	-0.176 (0.414)	0.044 (0.496)	-0.190 (0.316)	-0.259 (0.290)
<i>Differential Effect (Rep – Dem)</i>	0.046 (0.030)	0.044 (0.034)	-0.135 (0.162)	-0.253 (0.223)	0.013 (0.094)	0.030 (0.140)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,877	55,367	47,844	34,996	49,606	36,197
R^2	0.570	0.693	0.810	0.868	0.784	0.860

Table IA.6: **Separating Effects from Republicans and Democrats**

This table reports the effect of CEOs' partisan beliefs on their firms' import quantity. Sample and variable definitions are the same as in Table 3. *Rep President* and *Dem President* are indicator variables indicating whether the current U.S. administration is Republican or Democrat, respectively. *Rep CEO* and *Dem CEO* are indicators for whether a firm's CEO is affiliated with the Republican or Democratic party, respectively. *Other CEO* is an indicator that equals one if the firm's CEO is neither affiliated with the Republican party nor the Democrat party. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.	Extensive Margin	Intensive Margin	
	<i>Have Import</i> (1)	<i>Log(Volume)</i> (2)	<i>Log(Shipments)</i> (3)
<i>Tension</i> × <i>Rep President</i> × <i>Rep CEO</i>	-0.014 (0.032)	-0.296** (0.133)	-0.187** (0.073)
<i>Tension</i> × <i>Dem President</i> × <i>Rep CEO</i>	0.006 (0.029)	-0.203 (0.133)	-0.129* (0.073)
<i>Tension</i> × <i>Rep President</i> × <i>Dem CEO</i>	-0.029 (0.019)	-0.009 (0.120)	-0.091 (0.073)
<i>Tension</i> × <i>Dem President</i> × <i>Dem CEO</i>	-0.035** (0.014)	-0.043 (0.120)	-0.124* (0.070)
<i>Tension</i> × <i>Rep President</i> × <i>Other CEO</i>	-0.005 (0.119)	0.094 (0.340)	0.004 (0.323)
<i>Tension</i> × <i>Dem President</i> × <i>Other CEO</i>	-0.043 (0.136)	0.132 (0.402)	0.066 (0.308)
Firm×Product×Time FE	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes
Observations	70,877	47,844	49,606
<i>R</i> ²	0.570	0.810	0.784

IA.3.1. CEO Political Connection Based on Political Donations

We discuss the effects of CEOs' political influence, measured by their political contributions. We classify a CEO's party of influence based on the party to which a CEO contributes the majority of their political donation. Accordingly, the indicator *Aligned CEO (contribution)* equals one if a CEO contributes mostly to the party of the U.S. President. Among CEOs with available information on both political contribution and voting history, 72% have the same party classification. At the same time, it is noteworthy that only 54% CEOs in our sample have observable political contributions. Among all CEOs of U.S. public firms, only 38% have observable political contributions over our sample period, while 76% have voting history records.

In Table IA.7, we present results from a "horse race" between the effects of CEO political alignment defined by voting history and political contribution. In this test, we allow a CEO to be in the sample if he/she does not make political contributions. We note that the effects from political contribution become statistically weaker and economically small for the extensive margin and shipment counts. The effects from CEO voting history alignment, however, remain to be statistically significant for the extensive margin, and for the intensive margin when more stringent fixed effects are included. Even after controlling for CEOs' political contributions, the coefficients for our main measure (*Aligned CEO*) yield similar economic magnitudes as in the baseline analysis: a one-standard-deviation increase in geopolitical tension is associated with around a two percentage point reduction in import likelihood, and a 7%-10% reduction in import quantities.

Table IA.7: **Alignment by CEO Political Contribution and Voting History**

This table reports the “horse race” between the effects of CEO alignment based on voting history and CEO alignment based on political contributions. *Aligned CEO* is an indicator that equals one if a CEO has voted in the national primaries of the party of the U.S. President. *Aligned CEO (Contribution)* is an indicator that equals one if the majority of a CEO’s political contribution is towards the same party as the U.S. President. *CEO No Contribution* is an indicator that equals one if we do not observe a CEO to make any political contribution. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.	Extensive Margin		Intensive Margin			
	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.002 (0.026)		-0.059 (0.122)		-0.094 (0.064)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.016* (0.008)	-0.023*** (0.009)	-0.028 (0.039)	-0.119* (0.060)	-0.038 (0.025)	-0.082** (0.041)
<i>Tension</i> × <i>Aligned CEO (Contribution)</i>	-0.006 (0.015)	-0.002 (0.018)	-0.120** (0.056)	-0.138* (0.072)	-0.033 (0.034)	-0.007 (0.044)
<i>Tension</i> × <i>CEO No Contribution</i>	0.008 (0.047)	-0.033 (0.064)	-0.170 (0.167)	-0.128 (0.181)	-0.037 (0.105)	0.006 (0.110)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,877	55,367	47,844	34,996	49,606	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

Table IA.8: **Board Partisanship, Firms' Campaign Contributions, and CEO Partisanship**

This table compares the effects of firm CEO partisanship against the effects arising from board members' partisanship and from firms' political campaign contribution in influencing firms' import decisions in response to geopolitical tensions. Sample and variable definitions are the same as in Table 3. *Board Alignment* is the percentage of board members that are affiliated with the same party as the current President. In computing this measure, we only account for Democrat and Republican board members. *Aligned Firm (Contribution)* is an indicator for whether a firm's political campaign contribution is directed towards the party of the U.S. President. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: Board and CEO Partisanship

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.002 (0.022)		-0.126 (0.113)		-0.108* (0.060)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.012 (0.009)	-0.020* (0.010)	-0.074* (0.041)	-0.165** (0.066)	-0.053* (0.029)	-0.095** (0.043)
<i>Tension</i> × <i>Board Alignment</i>	-0.014 (0.014)	-0.016 (0.015)	0.004 (0.068)	0.048 (0.075)	0.005 (0.047)	0.048 (0.054)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,877	55,367	47,844	34,996	49,606	36,197
R^2	0.570	0.693	0.810	0.868	0.784	0.860

Panel B: CEO Affiliation and Firm Campaign Contribution

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.013 (0.035)		-0.156 (0.164)		-0.103 (0.086)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.032** (0.013)	-0.027 (0.018)	-0.091 (0.079)	-0.249** (0.096)	-0.057 (0.047)	-0.212*** (0.070)
<i>Tension</i> × <i>Aligned Firm (Contribution)</i>	-0.007 (0.011)	-0.023* (0.013)	0.010 (0.077)	0.062 (0.103)	-0.008 (0.042)	-0.016 (0.054)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	33,035	22,166	22,189	13,619	23,542	14,332
R^2	0.536	0.696	0.782	0.865	0.762	0.869

IA.3.2. Geopolitical Tensions Measures: UNGA Voting Issues

Table IA.9: **Geopolitical Tension Measures: UNGA Voting by Types and Issues**
This table repeats the baseline analysis (Table 3) where countries' ideal points and geopolitical tension are estimated using different types, issues, and timing of UNGA votes. Panels A and B report results when countries' ideal points are estimated using only important and non-important issues, respectively. Data on the classification of important and unimportant issues are only available up to 2017. Panels C through H report results where countries' ideal points and geopolitical tension are estimated using each specific issue. Panel I reports results where countries' ideal points and geopolitical tension are estimated using the votes from October to December (Q4) of each year, and are associated with firms' import decisions immediately following that quarter. Variable definitions are the same as in Table 3. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: Important Votes (Data up to 2017)

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.044** (0.020)		0.034 (0.077)		-0.042 (0.057)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.014** (0.006)	-0.010 (0.008)	-0.065*** (0.024)	-0.087* (0.052)	-0.045*** (0.016)	-0.050 (0.031)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	56,394	44,150	37,657	27,584	39,002	28,440
R^2	0.592	0.709	0.818	0.874	0.792	0.867

Panel B: Non-important Votes (Data up to 2017)

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.042 (0.032)		-0.172 (0.139)		-0.140** (0.070)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.016* (0.009)	-0.019* (0.011)	-0.077* (0.042)	-0.133* (0.076)	-0.040* (0.024)	-0.050 (0.047)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	56,396	44,150	37,659	27,584	39,004	28,440
<i>R</i> ²	0.592	0.709	0.818	0.874	0.792	0.867

Panel C: Economics Votes

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.001 (0.013)		0.130** (0.059)		0.089** (0.041)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.012** (0.005)	-0.013* (0.007)	-0.044* (0.025)	-0.111** (0.044)	-0.026 (0.017)	-0.059* (0.030)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,875	55,367	47,844	34,996	49,606	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

Panel D: Human Rights Votes

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.008 (0.024)		0.259*** (0.097)		0.100 (0.070)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.012** (0.005)	-0.013* (0.007)	-0.075*** (0.025)	-0.125*** (0.044)	-0.041** (0.019)	-0.069** (0.029)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,867	55,367	47,843	34,996	49,598	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

Panel E: Middle East Votes

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.032 (0.024)		0.070 (0.126)		-0.008 (0.092)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.019** (0.008)	-0.030** (0.012)	-0.092** (0.042)	-0.190** (0.078)	-0.056** (0.028)	-0.119** (0.052)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,857	55,367	47,839	34,996	49,593	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

Panel F: Nuclear Votes

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.015 (0.023)		0.050 (0.124)		0.029 (0.077)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.019* (0.011)	-0.029** (0.011)	-0.051 (0.039)	-0.156** (0.071)	-0.044** (0.020)	-0.077* (0.044)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,831	55,367	47,822	34,996	49,575	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

Panel G: Colonial Votes

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.009 (0.014)		0.108 (0.075)		0.062 (0.054)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.014** (0.006)	-0.018** (0.008)	-0.066** (0.029)	-0.146*** (0.051)	-0.039** (0.019)	-0.078** (0.035)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,861	55,367	47,841	34,996	49,595	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

Panel H: Disarmament Votes

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.012 (0.014)		0.111 (0.077)		0.060 (0.054)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.015** (0.006)	-0.018** (0.008)	-0.069** (0.030)	-0.151*** (0.052)	-0.040** (0.020)	-0.080** (0.036)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,861	55,367	47,841	34,996	49,595	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

Panel I: Earliest Votes

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.011 (0.019)		-0.200** (0.095)		-0.121* (0.062)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.019** (0.008)	-0.025** (0.010)	-0.074** (0.036)	-0.146** (0.061)	-0.053** (0.022)	-0.076* (0.041)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,877	55,367	47,844	34,996	49,606	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

IA.4. Additional Event Study Results

IA.4.1. Effects of the 2008 U.S. Election

Table IA.10: **Event Study: 2008 U.S. Presidential Election**

This table examines the effects of the 2008 U.S. Presidential Election on the import decisions of firms headed by Republican and Democrat CEOs. The sample is a firm-source country-product-semester panel between 2007 first semester and 2010 second semester. *Dem CEO* is an indicator that equals one if a firm's CEO is affiliated with the Democrat party, and zero otherwise. *Post* indicates time periods after the 2008 election. *Industry Tilt* represents quintile indicators of industries based on how much firms in that industry may benefit from a Democrat or Republican presidency based on: industry average [-5, 5] CARs around the most recent presidential election and fraction of political campaign contributions (PAC) from firms in that industry directed to a party. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.654, 1.656, and 1.639, respectively. See Appendix IA.1 for variable definitions. The standard deviation of *Tension* is 0.867. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and source country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	<i>Have Import</i>			<i>Log(Volume)</i>			<i>Log(Shipments)</i>		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Tension</i> × <i>Dem CEO</i>	-0.084 (0.134)	0.153 (0.112)	-0.016 (0.153)	1.168 (1.088)	1.771 (1.191)	1.039 (1.337)	0.419 (0.341)	0.346 (0.503)	0.121 (0.442)
<i>Tension</i> × <i>Dem CEO</i> × <i>Post</i>	-0.056** (0.025)	-0.041* (0.021)	-0.067** (0.026)	-0.255 (0.155)	-0.200 (0.171)	-0.202 (0.129)	-0.084 (0.062)	-0.085 (0.080)	-0.017 (0.057)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Tilt (CAR)×Country×Time FE		Yes			Yes			Yes	
Industry Tilt (PAC)×Country×Time FE			Yes			Yes			Yes
Observations	12,744	12,209	12,380	6,828	6,396	6,495	6,970	6,523	6,620
<i>R</i> ²	0.778	0.809	0.802	0.885	0.909	0.899	0.897	0.919	0.914

IA.4.2. Using Alternative Outcome Variable for Foreign Political Event Study

Table IA.11: **Foreign Political Event Study - Alternative Outcome Variable**

This table examines how foreign political events affect U.S. firms' import decisions, using alternative measures of import quantity. Sample and variable definitions are the same as in Table 6. *Weight (Containers)* refers to the total shipment weight in kilograms (number of containers) of products imported by the firm from a source country in a semester. *Tension Inc (Tension Dec)* is an indicator that turns to one if a foreign political event increases (decreases) the geopolitical tension between U.S. and a country. *Aligned CEO* is an indicator that equals one if a firm's CEO is affiliated with the same party as the U.S. President, and zero otherwise. *Post* indicates time periods after the events. The means of the outcome variables, $\text{Log}(\text{Weight})$ and $\text{Log}(\text{Containers})$, are 9.353, and 0.974, respectively. See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var:	(1) <i>Log(Weight)</i>	(2) <i>Log(Containers)</i>
<i>Aligned CEO</i> × <i>Tension Inc</i> × <i>Post</i>	-0.435*** (0.127)	-0.379*** (0.111)
Event × Firm × CEO × Product FE	Yes	Yes
Event × Product × Time FE	Yes	Yes
Observations	10,935	10,935
R^2	0.843	0.798

IA.4.3. Geopolitical Tension and Foreign Political Events

To validate the identifying assumption that political events can shift countries geopolitical alignment with the United States, we examine whether such events are followed by systematic changes in UNGA voting similarity. We match each country that experiences a political event in our testing sample with a control country without a political event during the $[-4, +4]$ -semester event window. The matching is based on the similarity of those countries' ideal points during the pre-event window. In other words, our matched election countries and control countries are most "similar" in their political ideology before the event. We then pool together all the matched pairs and the corresponding observations within the event window. This forms a stacked event sample.

Each political event can be classified as tension-increasing and tension-decreasing, based on how the event countries' voting behavior changed relative to that of the U.S. We regress the geopolitical tension between each country and the U.S. on the interaction terms $Tension\ Inc \times Post$ and $Tension\ Dec \times Post$, where $Post$ indicates semesters in the post-event window.

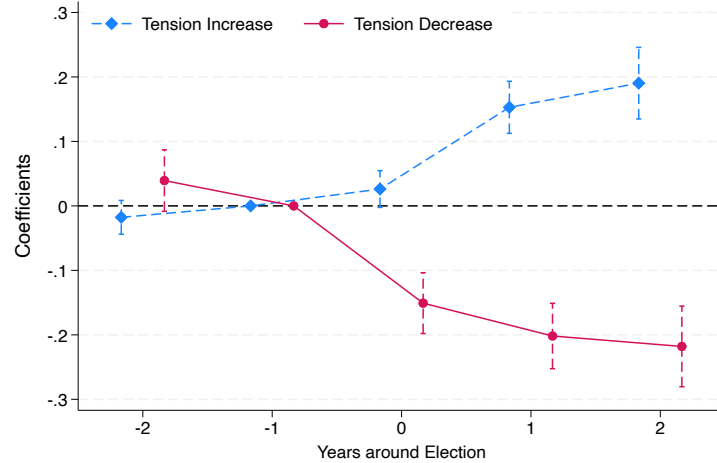
Table [IA.12](#) shows that political events are followed by significant shifts in geopolitical alignment with the United States. Events that lead to increased tension are associated with a significant rise in UNGA voting divergence after the event, whereas events that reduce tension lead to a corresponding convergence in UNGA voting patterns. Figure [IA.3](#) further shows that these changes occur only after the political events, with no evidence of pre-trends.

Taken together, this evidence supports the identifying assumption underlying our empirical design: foreign political events are followed by meaningful shifts in geopolitical alignment with the United States as reflected in UNGA voting behavior.

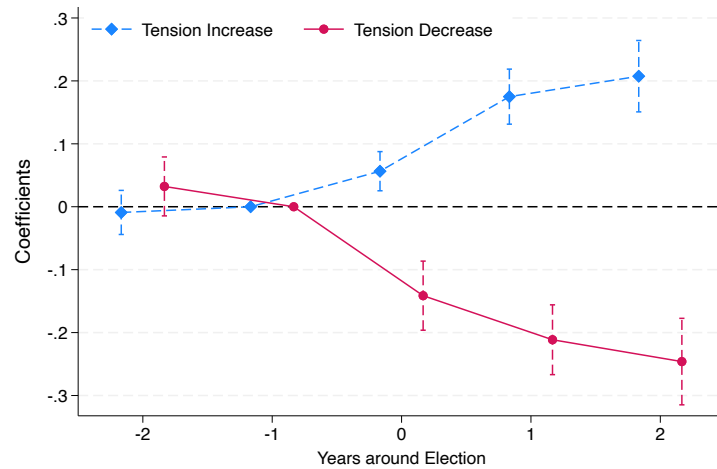
Table IA.12: **Foreign Political Events and Geopolitical Tension**

This table reports the effects of foreign political events on geopolitical tension between the event countries and the U.S. Columns (1) and (2) report results for coups d'état and all foreign elections, and Columns (3) and (4) report results for coups d'état and close foreign elections. *Tension Inc* and *Tension Dec* are indicators for whether an event increases and decreases the geopolitical tension between the event country and the U.S. during the two years following the event relative to the two years before. Each event country is matched with a control country that did not experience a foreign political event during the event window, and has the closest pre-event ideal points as the event country. *Cohort* represents the matched country pair. Each pair is tracked over a [-2, +2]-year event window. The means of the outcome variable, *Tension*, are 2.303 for columns (1) and (2) and 2.569 for columns (3) and (4). Standard errors are reported in parentheses and are heteroskedasticity robust and clustered by country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Sample:	Coups & All Elections		Coups & Close Elections	
Dep. Var.: <i>Tension</i>	(1)	(2)	(3)	(4)
<i>Tension Inc</i> × <i>Post</i>	0.138*** (0.017)	0.167*** (0.018)	0.146*** (0.018)	0.173*** (0.018)
<i>Tension Dec</i> × <i>Post</i>	-0.093*** (0.017)	-0.107*** (0.017)	-0.123*** (0.020)	-0.146*** (0.021)
Year FE	Yes	Yes	Yes	Yes
Cohort FE	Yes		Yes	
Country FE	Yes		Yes	
Cohort×Country FE		Yes		Yes
Observations	5,910	5,910	4,353	4,351
<i>R</i> ²	0.971	0.973	0.968	0.970



Panel A: Changes in Geopolitical Tension Following Coups and All Elections



Panel B: Changes in Geopolitical Tension Following Coups and Close Elections

Figure IA.3: Do Foreign Political Events Affect Geopolitical Tension? This figure plots the changes in geopolitical tension (or the differences in countries' revealed foreign policy positions) between U.S. and an event country, where events include elections and coups d'état. Each event country is matched with a non-event country with the closest pre-election ideal point value. Panel A reports the effects for all foreign elections and coups d'état, and Panel B reports the results for close elections, whose winning margins fall to the bottom quartile of the sample, and coups d'état. Within each panel, red color marks the effects of tension-decreasing foreign political events, and blue color marks the effects of tension-increasing foreign political events. The dots represent the point estimates and the vertical lines represent 95 percent confidence intervals.

Table IA.13: **Close Elections and Coups: Firm Value**

This table replicates results of Table 7 while keeping only close foreign elections and coups d'état as foreign political events. $CAR_{[-5, 5]}$ has a mean of 0.119% and a standard deviation of 0.063. Standard errors are reported in parentheses and are clustered by event country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.: $CAR_{[-5, 5]}$	(1)	(2)	(3)
Sample:	Affected Firms ($\geq 1\%$ Exposure)	Heavily Affected Firms ($\geq 5\%$ Exposure)	Unaffected Firms ($< 1\%$ Exposure)
<i>Aligned CEO</i> × <i>Tension Inc</i>	-0.002 (0.006)	-0.011 (0.015)	0.003 (0.004)
<i>Aligned CEO</i> × <i>Tension Dec</i>	0.002 (0.006)	-0.008 (0.010)	0.000 (0.002)
Event FE	Yes	Yes	Yes
Observations	795	380	4,674
R^2	0.058	0.107	0.029

Table IA.14: **Close Elections and Coups: Geopolitical Risk Perceptions**

This table replicates Panel B of Table 9 while keeping only close foreign elections and coups d'état as foreign political events. ΔGPR has a mean of 0.024 and a standard deviation of 0.878. Standard errors are reported in parentheses and are heteroskedasticity robust and clustered by event country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.: ΔGPR	(1)	(2)	(3)
Sample:	Affected Firms ($\geq 1\%$ Exposure)	Heavily Affected Firms ($\geq 5\%$ Exposure)	Unaffected Firms ($< 1\%$ Exposure)
<i>Aligned CEO</i>	0.176 (0.111)	0.013 (0.225)	-0.007 (0.045)
<i>Aligned CEO</i> \times <i>Tension Inc</i>	0.059 (0.138)	0.068 (0.228)	0.026 (0.057)
Event FE	Yes	Yes	Yes
Observations	538	268	3,139
R^2	0.109	0.0846	0.0203

Table IA.15: **Operating Performance around Foreign Political Events**

This table reports the results regarding the firm’s operating performance and its exposure to tension-increasing and tension-decreasing foreign political events. The sample is a firm by political event sample, where we track firms’ operating performance over two quarters before and after each political event. The dependent variable is the change in firms’ average gross margin two quarters before and after the political event ($\Delta Gross Margin$), where *Gross Margin* is defined as one minus the cost of goods sold divided by sales, based on firms’ quarterly reports. *Tension Inc* is an indicator that equals one if the foreign political event increases the tension between the U.S. and the electing country, and zero otherwise. *Aligned CEO* is an indicator that equals one if a firm’s CEO is affiliated with the same party as the U.S. President, and zero otherwise. The sample in columns (1) and (2) (columns (3) and (4)) includes all firm-event pairs where the firm’s import over 1% (5%) of its total volume (TEUs) from the event country during the year before the event. The sample in columns (5) and (6) includes firm-event pairs where the firm does not import from the event countries or source less than 1% of its import from those countries. $\Delta Gross Margin$ has a mean of 0.0018 and a standard deviation of 0.037. See Appendix IA.1 for variable definitions. Standard errors are reported in parentheses and are heteroskedasticity robust and clustered by country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.: $\Delta Gross Margin$	Affected Firms ($\geq 1\%$ Exposure)		Heavily Affected Firms ($\geq 5\%$ Exposure)		Unaffected Firms ($< 1\%$ Exposure)	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Aligned CEO</i>	0.001 (0.002)	0.009*** (0.003)	0.003 (0.004)	0.009 (0.005)	-0.001 (0.001)	-0.000 (0.001)
<i>Aligned CEO</i> \times <i>Tension Inc</i>	-0.004 (0.003)	-0.010*** (0.003)	-0.011** (0.005)	-0.013** (0.005)	0.001 (0.002)	0.000 (0.001)
Event FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE		Yes		Yes		Yes
Observations	1,884	1,662	978	745	9,642	9,553
R^2	0.075	0.347	0.105	0.413	0.048	0.219

IA.5. Construction of Country-Specific Geopolitical Risk Measures from Earnings Calls

This section details the construction of firm-level country-specific measures of geopolitical risk (GPR) based on quarterly earnings conference call transcripts. We employ two complementary textual approaches: (i) a dictionary-based bag-of-words method and (ii) a large language model (LLM)-based classification method. Both approaches focus exclusively on management’s prepared remarks and are designed to capture managers’ perceptions of geopolitical risk relevant to firm operations.

We obtain quarterly earnings call transcripts from WRDS (S&P CapitalIQ Transcripts), which report transcripts at the component level, where each component corresponds to a continuous block of speech by a single speaker. Each transcript is uniquely identified by a *TranscriptId*, and components are ordered chronologically using *componentOrder*. Our analysis focuses exclusively on management’s prepared remarks and excludes analyst questions and answers.

IA.5.1. Bag-of-Words (Dictionary-Based) Approach

Our dictionary-based approach is inspired by the geopolitical risk index of [Caldara and Iacoviello \(2022\)](#) and subsequent firm-level applications (e.g. [Shen, 2025](#)), but is adapted to managerial discourse in earnings calls and to the identification of risk-framed geopolitical concerns.

For each earnings call, we isolate management’s prepared remarks, normalize text by converting to lower case and standardizing whitespace, and split the text into sentences using standard punctuation-based rules. Because managers often describe geopolitical developments and their implications across multiple adjacent sentences, we adopt a context-window approach. Specifically, when a sentence contains a geopolitical trigger term (defined below), we classify that sentence and all sentences within ± 3 sentences as belonging to a geopolitical discussion block.

We construct a comprehensive dictionary of *geopolitical trigger terms* capturing explicit references to geopolitical events, policies, and conditions that are relevant for firms. The dictionary spans the following conceptual categories:

- Military conflict and escalation (e.g., war, invasion, coup, missile, military intervention)
- International sanctions and trade restrictions (e.g., sanctions, export controls, tariffs, embargoes)
- Diplomatic disputes and international relations (e.g., diplomatic crisis, treaty violation, NATO, UN Security Council)
- Supply-chain and strategic resource risks (e.g., shipping disruption, blockade, critical minerals, rare earths)
- Cyber and hybrid threats (e.g., cyber intrusion, espionage, critical infrastructure attack)
- Geoeconomic competition (e.g., decoupling, friendshoring, industrial policy, technology sovereignty)
- Explicit geopolitical risk language (e.g., geopolitical risk, geopolitical uncertainty, country risk, sovereign risk)

Trigger terms are defined such that their appearance alone is sufficient to identify a geopolitical discussion. We explicitly exclude generic business-risk language (e.g., “risk,” “volatility,” “headwinds”) from the trigger dictionary to avoid false positives unrelated to geopolitics.

To capture managers’ *perceived geopolitical risk*, rather than general geopolitical discussion, we require that geopolitical discussion blocks be explicitly framed in terms of risk or uncertainty. To this end, we construct a separate list of *modifier terms* (e.g., uncertainty, instability, exposure, vulnerability, fragility). These modifier terms do not generate geopolitical discussion blocks on their own. Instead, our geopolitical risk measure is defined only for those geopolitical discussion blocks that lie within ± 3 sentences of at least one modifier term. This restriction yields a risk-framed (stricter) measure that captures cases in which managers explicitly characterize geopolitical developments as a source of risk for the firm.

To further reduce false positives - particularly for firms in defense-related industries where military terminology may appear in routine contract or program discussions - we implement conservative guardrails. Trigger hits involving ambiguous military terms (e.g., “missile,” “military deployment,” “air defense”) are suppressed when they appear in the context of routine contract or procurement language (e.g., “contract,” “award,” “backlog,” “task order”), unless accompanied by nearby modifier terms or explicit geopolitical framing. These guardrails materially reduce spurious classifications while preserving genuine risk-related geopolitical discussion.

Finally, we identify country-specific geopolitical risk using a comprehensive country lexicon containing standardized country names and common variants. Within risk-framed geopolitical discussion blocks, we detect country mentions using exact word and phrase matching. For each firm i , country c , and quarter (or semester) t , we construct an indicator $I(GPR_{ict})$ equal to one if management explicitly discusses geopolitical risk related to country c during quarter (or semester) t .

IA.5.2. Large Language Model (LLM-Based) Approach

As a complementary approach, we construct an alternative measure of firm-level geopolitical risk using a large language model (LLM). This method is designed to capture the same underlying concept as the dictionary-based approach - managers’ explicit, risk-framed perceptions of geopolitical developments - while allowing for a more flexible interpretation of context and language.

We apply the LLM to the same corpus of management prepared remarks used in the bag-of-words analysis. The model is instructed to adopt the perspective of an investor analyzing earnings calls and to conservatively assess whether management expresses concern about geopolitical risk that is relevant for the firm’s operations, supply chains, regulatory environment, market access, or cost structure. To ensure comparability with the dictionary-based approach, the model is explicitly instructed to focus on geopolitical developments framed as sources of risk or uncertainty and to ignore routine operational, macroeconomic, or financial risks unrelated to geopolitics.

The classification logic requires that any identification of geopolitical risk be supported by short verbatim evidence from the transcript. In particular, the model classifies a management presentation as expressing geopolitical risk only if at least one of the following conditions is satisfied: (i) management discusses an explicit geopolitical event or policy (such as conflict, sanctions, trade restrictions, or security developments) in a way that materially affects the firm; (ii) management discusses a geopolitical event or policy together with explicit risk or uncertainty language; or (iii) management uses risk or uncertainty language in a passage that is clearly framed in geopolitical or international terms. If none of these conditions can be satisfied with direct textual evidence, the model classifies the presentation as not expressing geopolitical risk.

To align with the conservative identification strategy used in the dictionary-based approach, the prompt includes explicit guardrails to prevent false positives. In particular, the model is instructed not to classify routine contract, program, or backlog discussions - common in defense-related industries - as geopolitical risk unless management explicitly attributes business risk or uncertainty

to geopolitical events or policies. The model is also instructed to disregard generic business or macroeconomic risks unless they are clearly linked to geopolitical or international developments.

For presentations classified as expressing geopolitical risk, the model identifies any countries or regions explicitly mentioned in the same evidence passages. Country names are standardized using the same country lexicon employed in the bag-of-words approach. Using this information, we construct a country-specific indicator $I(GPR_{ict})$ equal to one if the LLM identifies explicit, risk-framed geopolitical concern related to country c for firm i in quarter (or semester) t .

By construction, the LLM-based measure captures the same conceptual object as the dictionary-based measure but relies on semantic interpretation rather than predefined keyword matching. The two approaches are implemented independently and rely on distinct identification strategies. Their combined use allows us to assess the robustness of our results to alternative measurement methodologies while maintaining a consistent definition of firm-level, risk-framed geopolitical exposure.

IA.6. Additional Mechanism Evidence

Table IA.16: **Distinguishing Mechanisms**

This table replicates the economic mechanism analyses regarding partisan identity (Tables 9 and 10), while separating the samples from each mechanism. We exclude veteran donors from the analysis regarding geopolitical risk concerns, and exclude firms with heightened (top quartile) geopolitical concerns from the veteran donor analysis. For Panel A, ΔGPR has a mean of 0.001 and a standard deviation of 0.860. For Panel B, the means of the outcome variables, *Have Import*, $\text{Log}(\text{Volume})$, and $\text{Log}(\text{Shipments})$, are 0.728, 1.797, and 1.722, respectively. The standard deviation of *Tension* is 0.833 for Panel B. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: GPR Concerns Excluding Veteran Donors						
Dep. Var.: ΔGPR	Affected Firms ($\geq 1\%$ Exposure)		Heavily Affected Firms ($\geq 5\%$ Exposure)		Unaffected Firms ($< 1\%$ Exposure)	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Aligned CEO</i>	0.033 (0.056)	0.048 (0.098)	-0.058 (0.087)	0.220* (0.129)	-0.020 (0.022)	-0.006 (0.033)
<i>Tension Inc</i> \times <i>Aligned CEO</i>	0.187** (0.090)	0.173* (0.102)	0.223* (0.127)	0.178 (0.180)	0.024 (0.037)	0.024 (0.038)
Event FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE		Yes		Yes		Yes
Observations	1,492	1,335	768	590	7,808	7,741
R^2	0.070	0.299	0.089	0.403	0.029	0.101

Panel B: Veteran Analysis Excluding High GPR Firms						
Dep. Var.:	<i>Have Import</i>		$\text{Log}(\text{Volume})$		$\text{Log}(\text{Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.004 (0.022)		-0.239* (0.136)		-0.134* (0.074)	
<i>Tension</i> \times <i>Aligned CEO</i>	-0.009 (0.008)	-0.028** (0.012)	-0.058* (0.035)	-0.128* (0.071)	-0.040* (0.021)	-0.055 (0.036)
<i>Tension</i> \times <i>Veteran Donor</i>	0.046 (0.097)	0.149 (0.136)	0.633** (0.292)	0.565 (0.474)	0.490** (0.246)	0.483 (0.502)
<i>Tension</i> \times <i>Aligned CEO</i> \times <i>Veteran Donor</i>	-0.053 (0.037)	-0.029 (0.032)	-0.483*** (0.168)	-0.601** (0.272)	-0.260 (0.177)	-0.540*** (0.161)
Firm \times Product \times Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm \times CEO \times Country \times Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country \times Product \times Time FE		Yes		Yes		Yes
Observations	56,686	42,316	37,863	26,156	38,867	26,722
R^2	0.601	0.727	0.823	0.886	0.800	0.880

Table IA.17: **Close Elections and Coups: Rent-Preservation Mechanism**

This table reports the effects of foreign political events on the importing decisions by firms with and without political connections or influence. Political events include close foreign elections and coups d'état. Close elections are those whose winning margins fall under the bottom quartile across all foreign elections over our sample period (<4%). The analyses utilize stacked event samples, where for each event, we gather all firms that ever import from the event country over our sample period, and then stack all such events together. *Tension Inc* is an indicator that turns to one if a political event increases the geopolitical tension between U.S. and a country. *Aligned CEO* is an indicator that equals one if a firm's CEO is affiliated with the same party as the U.S. President, and zero otherwise. *Post* indicates time periods after the events. *High Gov Contract* is an indicator that equals one if the total value of the government contracts a firm has received in the past three years is above the sample median. Similarly, *High CEO Contribution* is an indicator for whether a CEO has made any political contribution (above sample median) to the party of the current president. *High Lobby Spending* indicates whether a firm has made any lobbying expenses or above median lobbying expenses over the past three years. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.302, 0.513, and 0.827, respectively. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	<i>Have Import</i> (1)	<i>Log(Volume)</i> (2)	<i>Log(Shipments)</i> (3)
<i>Tension Inc</i> × <i>Aligned CEO</i> × <i>Post</i>	-0.141*** (0.017)	-0.336* (0.175)	-0.306** (0.141)
<i>Tension Inc</i> × <i>Aligned CEO</i> × <i>Post</i> × <i>High Gov Contract</i>	0.120* (0.070)	-0.212 (0.470)	-0.144 (0.249)
<i>Tension Inc</i> × <i>Aligned CEO</i> × <i>Post</i>	-0.103*** (0.022)	-0.479*** (0.158)	-0.345*** (0.107)
<i>Tension Inc</i> × <i>Aligned CEO</i> × <i>Post</i> × <i>High CEO Contribution</i>	-0.041 (0.073)	0.856 (0.924)	-0.091 (0.667)
<i>Tension Inc</i> × <i>Aligned CEO</i> × <i>Post</i>	-0.106*** (0.018)	-0.533** (0.190)	-0.399*** (0.120)
<i>Tension Inc</i> × <i>Aligned CEO</i> × <i>Post</i> × <i>High Lobby Spending</i>	-0.045 (0.063)	0.369 (0.369)	0.169 (0.272)
Event×Firm×CEO×Product FE	Yes	Yes	Yes
Event×Product×Time FE	Yes	Yes	Yes

Table IA.18: **The Role of Firm Size**

This table reports the effects of geopolitical tensions on the importing decisions by firms with large and small asset sizes. Sample and variable definitions are the same as in Table 3. *Large* is an indicator that equals one if the firm’s lagged asst size falls in the top decile (top 10%) of the sample, and zero otherwise. *Small* is an indicator that equals one if the firm’s lagged asst size does not fall in the top decile of the sample, and zero otherwise. See Appendix IA.1 for variable definitions. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i> × <i>Small</i>	-0.002 (0.023)		-0.120 (0.112)		-0.103* (0.058)	
<i>Tension</i> × <i>Large</i>	-0.008 (0.033)		-0.148 (0.326)		-0.091 (0.145)	
<i>Tension</i> × <i>Aligned CEO</i> × <i>Small</i>	-0.012 (0.008)	-0.020** (0.010)	-0.076** (0.032)	-0.149** (0.062)	-0.061*** (0.021)	-0.088** (0.041)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Large</i>	-0.070*** (0.026)	-0.066** (0.029)	-0.044 (0.194)	-0.242 (0.187)	0.029 (0.081)	-0.043 (0.119)
<i>Differential Effect (Small – Large)</i>	0.059** (0.028)	0.046 (0.030)	-0.032 (0.194)	0.093 (0.189)	-0.089 (0.084)	-0.045 (0.115)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,477	54,999	47,621	34,820	49,381	36,019
<i>R</i> ²	0.569	0.693	0.810	0.868	0.783	0.860

IA.7. Additional Robustness

IA.7.1. Alternative Measures

Table IA.19: **Alternative Measures of Geopolitical Tension**

This table reports the effects of geopolitical tensions on partisan firms' import decisions, using *Political Distance* introduced by [Berry et al. \(2010\)](#). This measure incorporates differences in countries' policy-making uncertainty, democratic character, size of the state, and whether two countries are both WTO members, or are in the same regional trade agreement. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.738, 1.778, and 1.737, respectively. The standard deviation of *Political Distance* is 10.313. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Political Distance</i> × <i>Aligned CEO</i>	-0.001*** (0.000)	-0.000 (0.001)	-0.007*** (0.003)	-0.011*** (0.003)	-0.005*** (0.002)	-0.008*** (0.002)
Firm × Product × Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm × CEO × Country × Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country × Product × Time FE		Yes		Yes		Yes
Observations	69,426	54,824	46,946	34,722	48,649	35,885
R^2	0.572	0.692	0.811	0.869	0.785	0.861

Table IA.20: **Controlling for Other Measures of Institutional Differences**

This table examines the effects of geopolitical tension on the import decisions of partisan firms, controlling for other measures of distances with the U.S. introduced by [Berry et al. \(2010\)](#): (1) *Economic Distance*, differences in economic development and macroeconomic characteristics between countries as proxied by income (GDP per capita), inflation rates, exports as percentage of GDP, and imports as percentage of GDP; (2) *Administrative Distance*, differences in bureaucratic patterns and formal/informal institutional arrangements between countries, including colonial ties (whether countries share a colonizer-colonized link), language (percentage of population speaking the same language), religion (percentage of population sharing the same religion), and legal systems (whether countries share the same legal system); (3) *Demographic Distance*, differences in population characteristics between countries, including life expectancy at birth, birth rates and age structure (population under 14 and over 65 as percentages); and (4) *Geographic Distance*, the physical distance between countries, calculated using the great circle method, which measures the shortest path between two points on a sphere (Earth) based on the coordinates of the geographic centers of the countries). We also include the interactions with *Aligned CEO*. Sample and variable definitions are the same as in Table 3. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.777, and 1.737, respectively. The standard deviation of *Tension* is 0.848. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	0.005 (0.024)		-0.097 (0.111)		-0.079 (0.063)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.027*** (0.009)	-0.014 (0.018)	-0.088* (0.048)	-0.134* (0.075)	-0.078** (0.032)	-0.089* (0.052)
Distance Controls and Interactions	Yes	Yes	Yes	Yes	Yes	Yes
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	69,774	54,986	47,193	34,830	48,869	35,977
R^2	0.572	0.693	0.811	0.869	0.785	0.861

Table IA.21: **Using Alternative Outcome Variable**

This table examines the effects of geopolitical tension on the import decisions of partisan firms, using alternative measures of import quantity. Sample and variable definitions are the same as in Table 3. *Weight (Containers)* refers to the total shipment weight in kilograms (number of containers) of products imported by the firm from a source country in a semester. The means of the outcome variables, $\text{Log}(\text{Weight})$ and $\text{Log}(\text{Containers})$, are 10.686, and 2.014, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	$\text{Log}(\text{Weight})$		$\text{Log}(\text{Containers})$	
	(1)	(2)	(3)	(4)
<i>Tension</i>	-0.190*		-0.110	
	(0.098)		(0.079)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.069**	-0.126**	-0.066**	-0.090*
	(0.032)	(0.061)	(0.028)	(0.046)
Firm × Product × Time FE	Yes	Yes	Yes	Yes
Firm × CEO × Country × Product FE	Yes	Yes	Yes	Yes
Country × Product × Time FE		Yes		Yes
Observations	49,606	36,197	49,606	36,197
R^2	0.860	0.901	0.805	0.876

IA.7.2. Alternative Samples

Table IA.22: **Excluding Extreme Antagonist Countries and Neighboring Countries**
This table examines the effects of geopolitical tension on the import decisions of partisan firms. Sample and variable definitions are the same as in Table 3. Panel A excludes observations imported from Mexico and Canada and Panel B excludes observations imported from China and Russia. For Panel A, the means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.777, and 1.735, respectively. For Panel B, the means are 0.717, 1.614, and 1.633. The standard deviations of *Tensions* are 0.846 for Panel A and 0.897 for Panel B. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A: Excluding Mexico and Canada						
Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.003 (0.022)		-0.122 (0.115)		-0.105* (0.063)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.016** (0.007)	-0.023** (0.009)	-0.068* (0.036)	-0.146** (0.061)	-0.047** (0.022)	-0.076* (0.040)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	69,914	54,782	47,426	34,880	48,920	35,859
R^2	0.571	0.692	0.811	0.868	0.785	0.860

Panel B: Excluding China and Russia						
Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.016 (0.034)		0.001 (0.136)		-0.040 (0.083)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.021* (0.012)	-0.041** (0.018)	-0.055 (0.044)	-0.166** (0.078)	-0.043* (0.024)	-0.078 (0.057)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	48,536	33,821	31,563	20,198	33,218	21,300
R^2	0.554	0.700	0.792	0.862	0.742	0.841

Table IA.23: **Effects for Friendly and Unfriendly Countries**

This table examines the effects of geopolitical tension on the import decisions of partisan firms, separately for countries with large and small geopolitical tension with the U.S. Sample and variable definitions are the same as in Table 3. *Unfriendly* (*Friendly*) is an indicator equal to one if geopolitical tension falls (does not fall) in the top quartile of the sample, and zero otherwise. The means of the outcome variables, *Have Import*, *Log(Volume)*, and *Log(Shipments)*, are 0.737, 1.782, and 1.736, respectively. The standard deviation of *Tension* is 0.849. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Dep. Var.:	<i>Have Import</i>		<i>Log(Volume)</i>		<i>Log(Shipments)</i>	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Friendly</i>	-0.226 (0.186)		0.892 (1.125)		-0.125 (0.569)	
<i>Tension</i> × <i>Friendly</i>	0.043 (0.028)		-0.036 (0.132)		-0.041 (0.079)	
<i>Tension</i> × <i>Unfriendly</i>	-0.033 (0.048)		0.186 (0.309)		-0.094 (0.152)	
<i>Tension</i> × <i>Aligned CEO</i> × <i>Friendly</i>	-0.018* (0.009)	-0.020* (0.012)	-0.082** (0.040)	-0.183*** (0.068)	-0.048* (0.027)	-0.091* (0.049)
<i>Tension</i> × <i>Aligned CEO</i> × <i>Unfriendly</i>	-0.016** (0.007)	-0.024** (0.009)	-0.070* (0.035)	-0.155** (0.061)	-0.049** (0.022)	-0.084** (0.041)
<i>Differential Effect (Friendly – Unfriendly)</i>	-0.002 (0.004)	0.004 (0.005)	-0.012 (0.013)	-0.028 (0.028)	0.001 (0.010)	-0.007 (0.017)
Firm×Product×Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Country×Product×Time FE		Yes		Yes		Yes
Observations	70,877	55,367	47,844	34,996	49,606	36,197
<i>R</i> ²	0.570	0.693	0.810	0.868	0.784	0.860

IA.8. Effects on Exports

Table IA.24: **Effects on U.S. Firms' Exports**

This table examines the effects of geopolitical tension on the export decisions of partisan firms. The sample is a firm-source country-product-year panel. *Export Volume* (*Export Shipments*) refers to the total shipment volume in TEUs (number of shipments) of products exported by the firm to a destination country in a semester. *Have Export* is an indicator that turns to one if a firm exports a certain product to a destination country during a semester. *Tension* represents the distance between a foreign country and the U.S. based on their UN voting patterns (Bailey et al., 2017). *Aligned CEO* is an indicator that equals one if a firm's CEO is affiliated with the same party as the U.S. President, and zero otherwise. The means of the outcome variables, *Have Export*, $\text{Log}(\text{Export Volume})$, and $\text{Log}(\text{Export Shipments})$, are 0.724, 2.377, and 1.698, respectively. The standard deviation of *Tension* is 0.888. Standard errors are reported in parentheses and are heteroskedasticity robust and double clustered by firm and country. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

Panel A. Effects of Geopolitical Tension on Exports

Dep. Var.:	<i>Have Export</i>		$\text{Log}(\text{Export Volume})$		$\text{Log}(\text{Export Shipments})$	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Tension</i>	-0.026 (0.032)	0.003 (0.024)	-0.002 (0.120)	0.055 (0.113)	-0.101** (0.049)	-0.019 (0.069)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes
Product×Time FE	Yes		Yes		Yes	
Firm×Product×Time FE		Yes		Yes		Yes
Observations	67,756	62,576	43,579	40,371	48,850	44,823
R^2	0.353	0.536	0.739	0.779	0.633	0.702

Panel B. Effects of Geopolitical Tension on Exports of Aligned and Misaligned Firms

Dep. Var.	<i>Have Export</i>			<i>Log(Export Volume)</i>			<i>Log(Export Shipments)</i>		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Aligned CEO</i>	0.036 (0.039)			-0.093 (0.070)			0.038 (0.102)		
<i>Tension</i>	-0.026 (0.032)	0.004 (0.024)		-0.001 (0.120)	0.058 (0.112)		-0.101** (0.050)	-0.019 (0.067)	
<i>Tension</i> × <i>Aligned CEO</i>	-0.006 (0.013)	0.007 (0.016)	0.001 (0.013)	0.033 (0.032)	0.066 (0.042)	-0.039 (0.056)	0.004 (0.043)	0.026 (0.049)	-0.032 (0.037)
Firm×CEO×Country×Product FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Product×Time FE	Yes			Yes			Yes		
Firm×Product×Time FE		Yes	Yes		Yes	Yes		Yes	Yes
Country×Product×Time FE			Yes			Yes			Yes
Observations	67,756	62,576	42,254	43,579	40,371	24,757	48,850	44,823	28,195
R^2	0.353	0.536	0.711	0.739	0.779	0.859	0.633	0.702	0.814