China Economic Perspectives

China-EU Trade: A Data Snapshot

Economics

China

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Key Facts in Charts

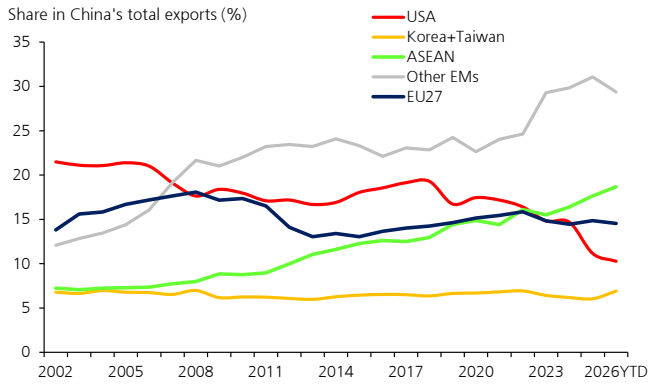
China and the EU released a joint statement on 9 October after two days of negotiations, under the trade dialogue launched in mid-2026 to address the EU's concerns over bilateral trade imbalances. The tone of the statement was conciliatory and both sides agreed to hold the 3rd round of talks in March 2027. We see this as a positive development. While the details of a potential trade agreement remain far from clear, understanding the existing trade relationship is a useful starting point. This report provides an overview of China-EU trade data. See our take on the EU-China statement, China's general trade structure, and see Appendix: Key EU policies affecting Chinese exports and investment.

Mapping China's exposure to the EU

The EU is China's largest export market, accounting for 15% of total exports YTD 2026. In comparison, US share has dropped to 10%. Neither figure accounts for trade triangulation through third countries. Based on OECD TiVA data, we estimate that the EU contributes roughly 19-20% of China's domestic value added embodied in foreign final demand, compared with about 14% for the US.

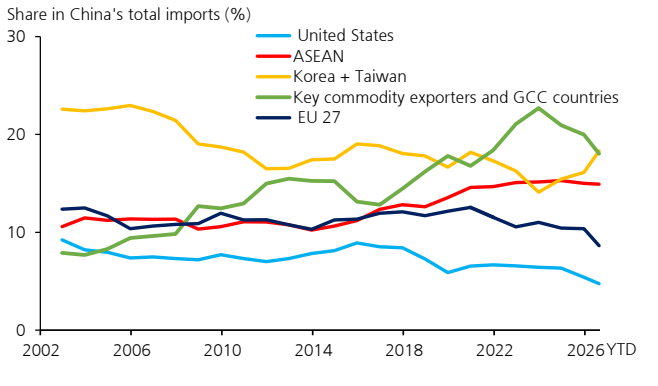
In recent years, China's exports to the EU broadly kept pace with its overall exports, leaving its share in total exports largely stable, amid a pivot away from US towards EM. Meanwhile, China's imports from the EU declined from 2022 until recently, with its share in total imports falling. The latter partly reflects China's greater exposure to the AI cycle, which has shifted China's import demand towards those on the tech supply chain (see here for China's AI trade).

Figure 1: China's export structure



Source: CEIC, UBS estimates

Figure 2: China's import structure



Source: CEIC, UBS estimates. Key commodity exporter and GCC countries include Russia, Australia, Brazil, UAE, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain.

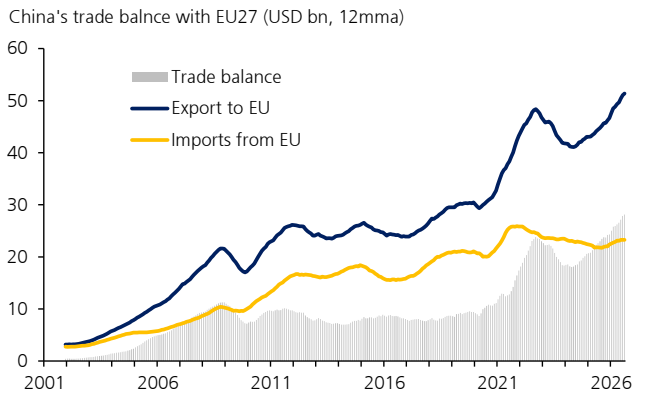
China's trade surplus with the EU thus expanded in recent years and it's been one of China's largest sources of surplus. China now runs a trade surplus with nearly all EU member states. The widening trade surplus with the EU likely reflects a combination of stronger import substitution and rising Chinese competitiveness. The reversal from

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deficit to surplus in sectors such as autos illustrates China's upgrading of manufacturing capacity, bolstered by substantial scale advantages (see more about China's trade structure). In addition, US-China trade tensions likely reinforced firms' efforts to diversify towards non-US markets, including the EU.

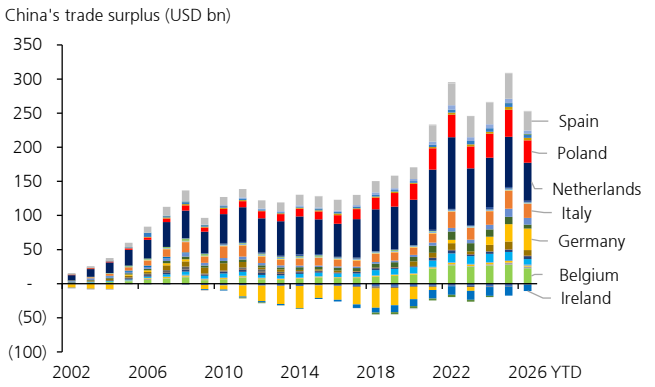
Cyclically, weak domestic demand (especially in higher-end consumption) and subdued investment activity reduced import demand. Persistently lower tradable inflation relative to Europe supported China's external competitiveness, as evident in lower export prices and a weaker PPI-deflated real exchange rate. Many of these factors are mutually reinforcing.

Figure 3: China's trade surplus with the EU expanded



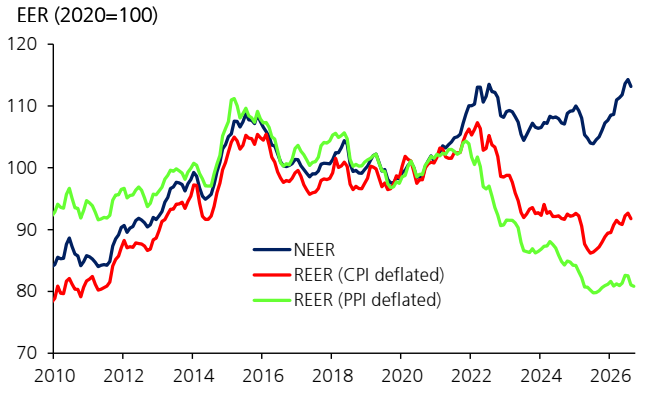
Source: CEIC, UBS estimates

Figure 4: China now runs trade surplus with nearly all the EU member states



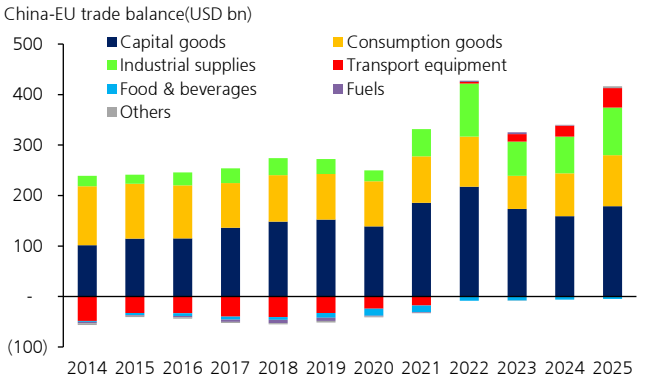
Source: CEIC, UBS estimates. Note: China's reported trade balances may differ from partner-country estimates due to differences in bilateral trade statistics. Some of China's trade surplus may partly reflect these countries' role as key entry points to the EU market.

Figure 5: Drop in REER is more pronounced if deflated by PPI



Source: Haver, UBS estimates

Figure 6: China's trade surplus with EU was driven by capital goods and industrial supplies

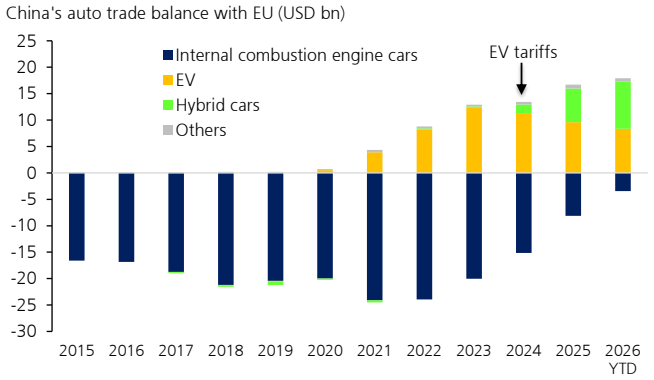


Source: UN Comtrade, UBS estimates. Note: underlying data is reversed EU trade balance with China

Looking at the product composition, capital goods and industrial supplies account for the bulk of China's surplus with the EU. Major products include automatic data-processing equipment, batteries, telephones, electrical transformers and converters, and solar panels. The EU has relatively high import dependence on China across several of these categories. China also runs sizeable trade surpluses with the EU in a range of consumer goods sectors, including furniture, toys, clothing and footwear. In particular, China has become a net auto exporter to the EU, led by EVs. Despite the higher tariffs imposed in 2024, China accounts for 42% of EU EV imports in 2025 and YTD 2026. Meanwhile, exports of hybrid cars have surged, reaching USD 7bn in 2025 and USD 11bn in Jan-Aug 2026, raising China's share of EU hybrid imports from 18% in 2025 to 33% in Jan-Jul 2026. The rapid expansion of hybrid cars exports may help explain why the sector has emerged as a focus of recent trade negotiations. See

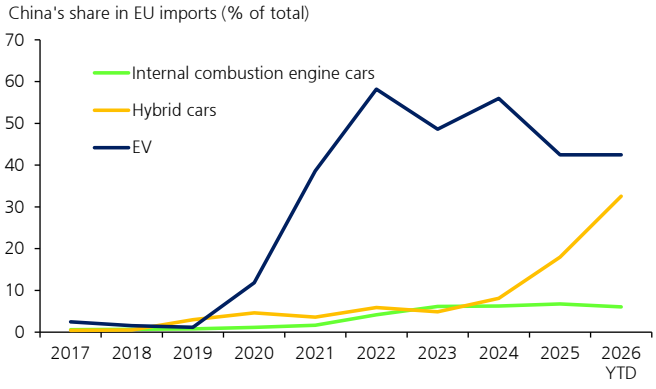
Figure 13 for details.

Figure 7: China turned from a net auto importer to an exporter, despite EV tariffs imposed in 2024



Source: UN Comtrade, China Customs, UBS estimates

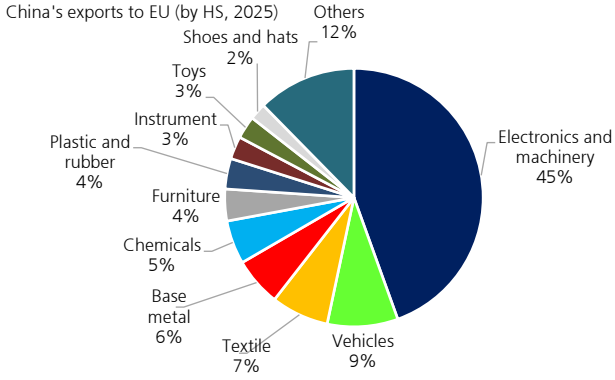
Figure 8: China supplies 42% of EU EV imports and 33% of hybrid vehicle imports in YTD 2026



Source: Eurostat, UBS estimates

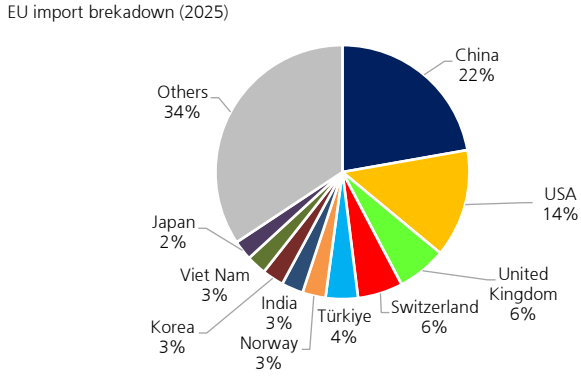
From the EU's perspective, China was its largest source of imports in 2025, accounting for 22% of the total, slightly up from 20% a decade earlier. China's import market share was particularly high in batteries, solar panels and EVs. See Figure 13 for more details. Note a high import share does not necessarily imply high dependence, which also depends on the availability, cost and speed of substitution from domestic or alternative foreign suppliers.

Figure 9: China's export to EU by HS



Source: China Customs, UBS estimates

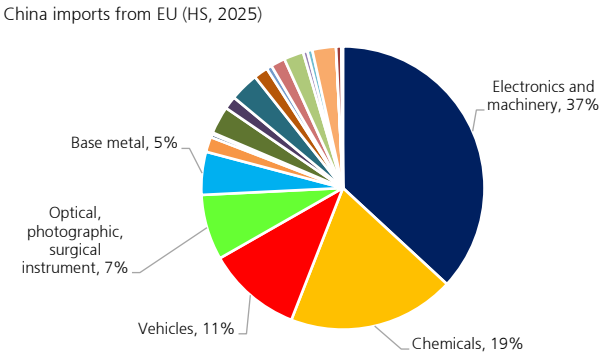
Figure 10: China is EU's largest import source



Source: UN Comtrade, UBS estimates

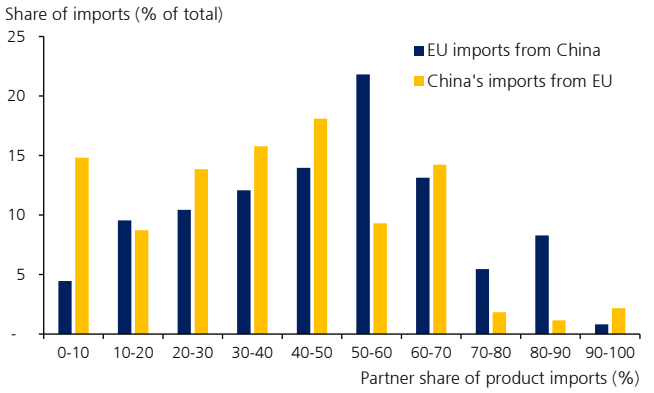
China's imports from EU accounts for 10% of total imports, and consists mainly of machinery, electronics, chemical products, and vehicles. Semiconductor machinery and components, aircraft, turbojets, auto and auto parts are among the key industrial products. In addition, EU is also an important import source of beauty/make-up, gold, luggage/handbags, and pharmaceutical inputs. See Figure 14 for details. From the EU's perspective, China is its 4th largest export market but China's share (7.4% in 2025) falls far behind US (21%) or Switzerland (13%).

Figure 11: China's imports from EU by HS



Source: China Customs, UBS estimates

Figure 12: Distribution of bilateral import value by partner supply share



Source: China Customs, UN Comtrade, UBS estimates. Products are grouped into 10-percentage-point bins according to the partner's share in imports of each product; the bars show the share of total import value accounted for by each bin.

Figure 13: China's exports to EU by key products

	China exports 2025					China share in EU imports (%)
	To EU (USD mn)	Share in total (%)	To World (USD mn)	EU share in China exports (%)	Trade balance with EU (USD mn)	
Machinery and electronics	**249,066**	**44.5**	**1,618,492**	**15.4**	**150,097**	**41.4**
Automatic data processing machines	32,070	5.7	150,586	21.3	31,430	51.4
Electric accumulators (batteries)	30,338	5.4	82,070	37.0	29,589	84.7
Telephone	29,040	5.2	215,943	13.4	27,901	51.2
Electric transformers and converters	11,449	2.0	52,607	21.8	8,822	55.6
Semiconductor devices (incl solar panels)	10,318	1.8	47,486	21.7	8,049	68.9
Monitor and projectors	7,121	1.3	32,585	21.9	7,081	65.3
Electric heating appliances	6,484	1.2	30,052	21.6	6,048	68.3
Vehicles	**49,519**	**8.8**	**337,698**	**14.7**	**20,498**	**18.0**
Auto	19,105	3.4	110,399	17.3	8,576	18.4
EV	9,791	1.7	36,386	26.9	9,606	42.7
Hybrid cars	6,748	1.2	30,461	22.2	6,391	17.9
Auto parts	10,236	1.8	59,019	17.3	367	27.3
Textile and clothing	**40,342**	**7.2**	**292,231**	**13.8**	**34,347**	**30.2**
Base metal	**34,060**	**6.1**	**299,225**	**11.4**	**20,906**	**22.5**
Sturcture of iron and steel	2,307	0.4	25,352	9.1	2,207	39.0
Other articles of iron and steel	2,801	0.5	18,497	15.1	2,102	46.2
Base metal mountings	2,020	0.4	12,746	15.8	1,702	59.2
Chemical	**30,603**	**5.5**	**204,626**	**15.0**	**(20,567)**	**15.9**
Furniture	**22,293**	**4.0**	**117,716**	**18.9**	**21,182**	**63.5**
Plastic and rubber	**21,387**	**3.8**	**178,740**	**12.0**	**12,497**	**25.8**
Optical, photographic and surgical instrument	15,902	2.8	84,279	18.9	(4,161)	17.6
Toys	15,844	2.8	78,357	20.2	15,610	74.5
Shoes, hats, umbrellas	11,620	2.1	64,247	18.1	10,268	41.0
Stone, cement, glass	6,798	1.2	55,807	12.2	5,278	39.1
Fur and handbags	6,592	1.2	33,892	19.4	2,232	49.5
Minerals	4,927	0.9	56,783	8.7	964	0.6
Food and Beverages	4,849	0.9	49,618	9.8	(3,592)	6.2
Wood pulp	3,530	0.6	33,314	10.6	(868)	22.9
Plant Products	3,372	0.6	31,755	10.6	2,358	3.7
Live animals	2,738	0.5	15,847	17.3	(1,892)	5.5
Wood	2,681	0.5	17,600	15.2	1,034	23.6
Animal/venetable oils	1,440	0.3	4,644	31.0	958	6.5
Precious metal and jewelry	1,307	0.2	49,900	2.6	(5,959)	3.9
Others	30,964	5.5	145,459	21.3	3	
Total	**559,835**	**100.0**	**3,770,231**	**14.8**	**29**	

Source: China Customs, UN Comtrade, UBS estimates

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