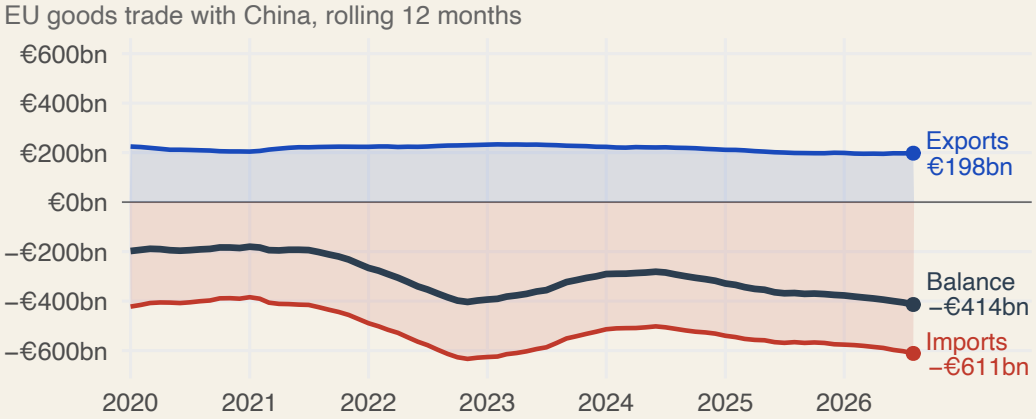
Europe Is Watching the Wrong Number

China’s export surge and how Europe should respond

Julian Hinz — Kiel Institute for the World Economy & Bielefeld University

Global China Conversations #52 — 19 November 2026

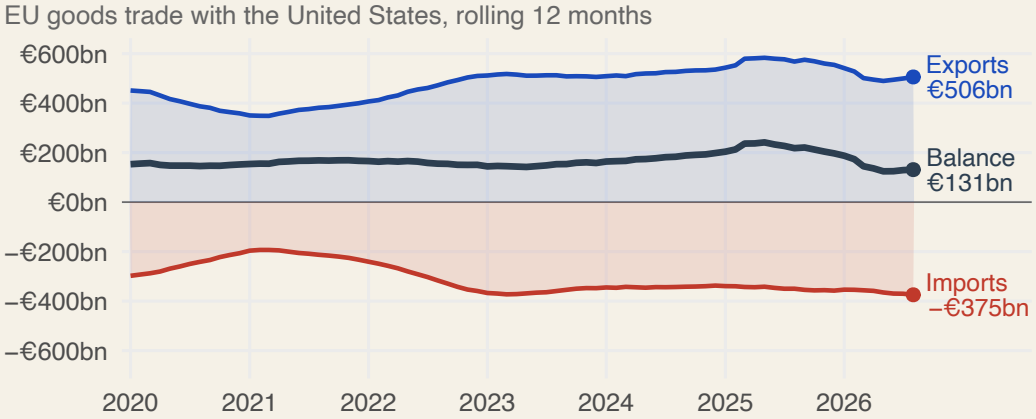
More than €1 billion a day



Source: Eurostat Comext (DS-045409).

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The transatlantic shift was just as big

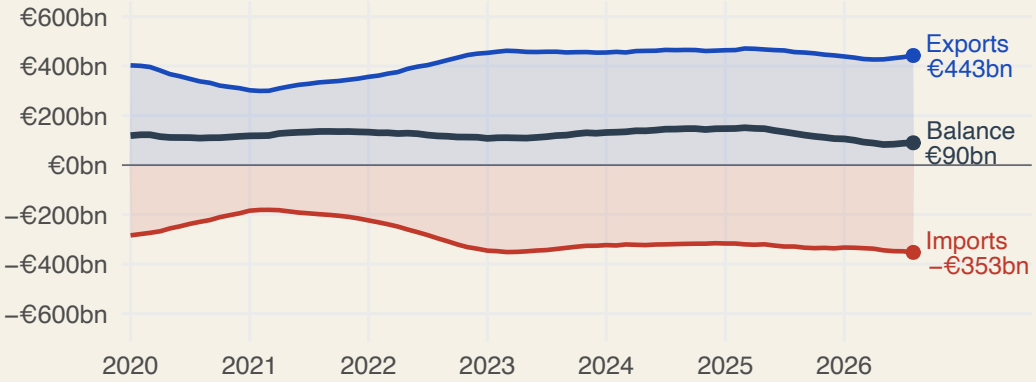


Source: Eurostat Comext (DS-045409).

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EU–US trade without Ireland

EU goods trade with the US, excl. Ireland, rolling 12 months

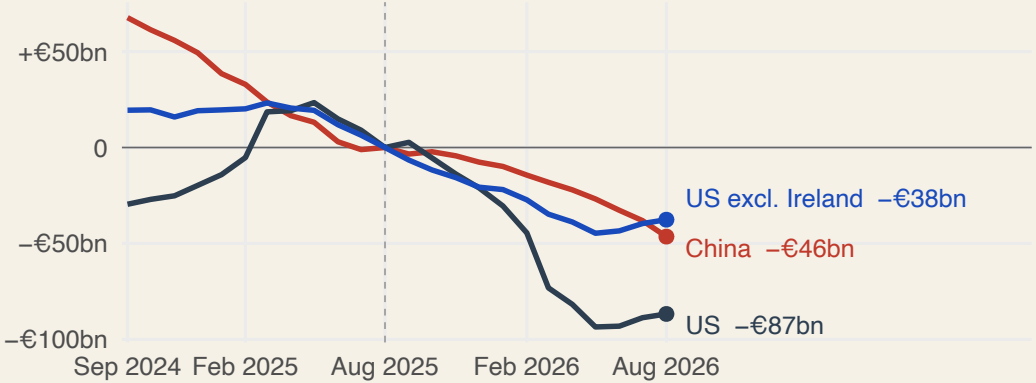


Source: Eurostat Comext (DS-045409).

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How the balances moved over the past year

Change in the EU goods trade balance since August 2025, rolling 12 months

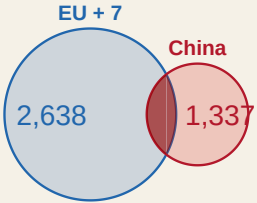


Source: Eurostat Comext (DS-045409).

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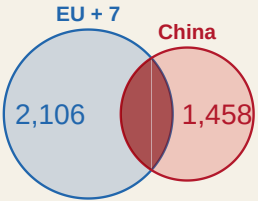
China now competes where Europe is strong

2002



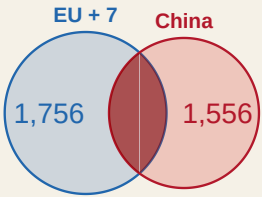
overlap: 547

2012



overlap: 935

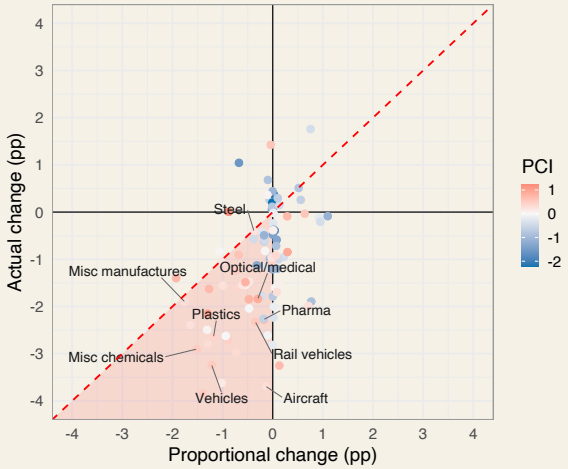
2024



overlap: 969

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Third markets: the bulk of Germany's loss is not China



Sector	Actual	Prop.	Excess	% China
Vehicles	-3.24	-1.22	-2.02	38
Machinery	-1.85	-0.48	-1.37	26
Electronics	-1.49	-0.55	-0.94	37
Pharma	-2.28	-0.18	-2.10	8
Plastics	-2.64	-1.18	-1.46	45
Optical/medical	-1.84	-0.30	-1.54	16
Aircraft	-3.69	-0.14	-3.55	4
Organic chem.	-2.15	-1.30	-0.85	60
Iron articles	-1.05	-1.02	-0.03	97
Steel	-0.41	-0.37	-0.03	92
All sectors (weighted)	-1.98	-0.61	-1.36	31

Three problems, three instruments

1. Lost competitiveness

Largely homemade: energy prices, fragmented single market

→ **domestic reform**, not trade policy

2. Unfair trade

Subsidies, dumping, import surges

→ existing instruments are enough: make them **faster**

3. Security capabilities

Cells, power electronics, machine tools

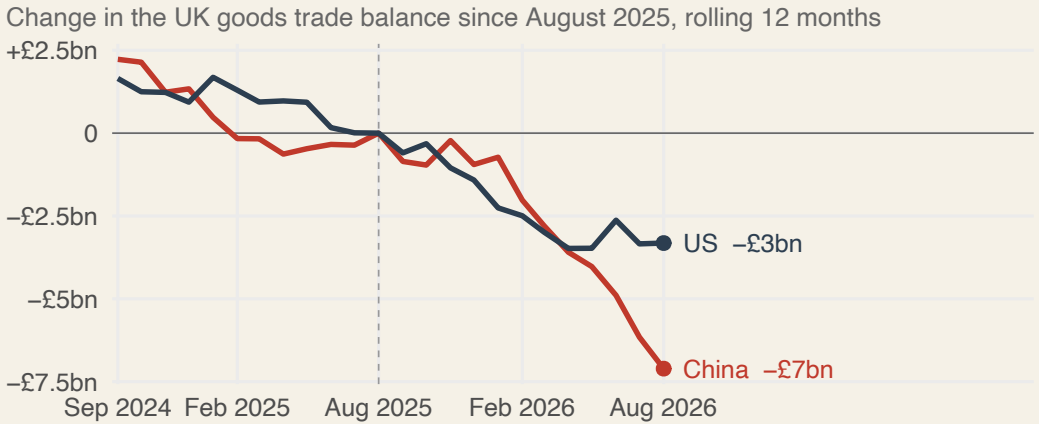
→ **no instrument yet**: market access tied to local production

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What DiversifyEU should do

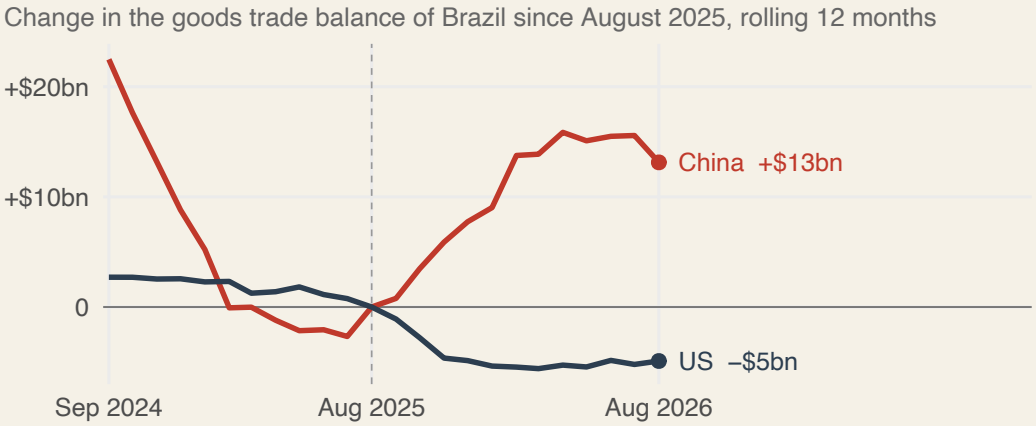
- **Act on where production takes place**, not only at the border
  - → tie market access to local production of cells, power electronics, software
  - → not to final assembly alone
- **Apply to partners as well as rivals**
  - → otherwise: an anti-China programme with security as a pretext
- **In the longer run:** a Union competence for economic security

Appendix: the same comparison for the UK



Source: HMRC Overseas Trade Statistics (uktradeinfo), excl. precious metals.

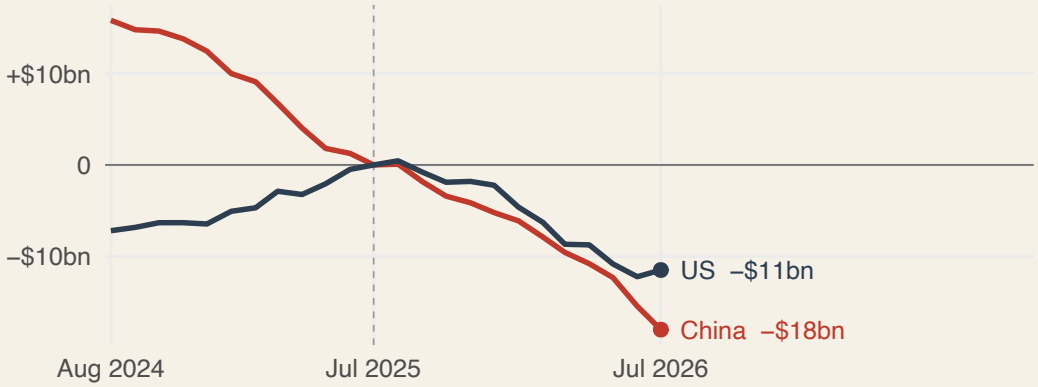
Appendix: the same comparison for Brazil



Source: UN Comtrade (trade_databases), reporter data.

Appendix: the same comparison for India

Change in the goods trade balance of India since July 2025, rolling 12 months



Source: UN Comtrade (trade_databases), reporter data.

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