

Chart of the Week

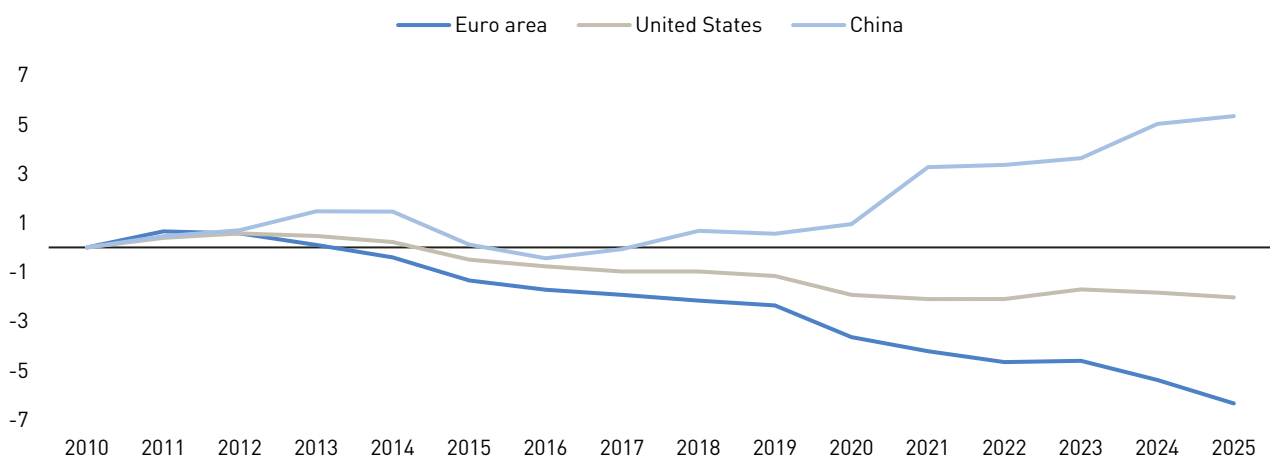
Chinese competition weighs on Europe's export market share

For many years, European manufacturers benefited from low-cost Chinese intermediate goods used in the production of their own finished products. Over time, however, China has evolved into a major exporter of finished goods itself and is increasingly competing directly with European producers. This trend is also reflected in global export market shares: Since 2010, China's share of global exports has increased by around 5.3 percentage points, while the euro area (-6.3 percentage points) and the United States (-2.0 percentage points) have experienced notable declines (ECB). Moreover, China is no longer gaining market share solely in labour-intensive consumer goods, but is increasingly expanding its presence in technology- and capital-intensive industries in which European manufacturers have traditionally been strong, including automotive manufacturing, machinery and battery technology.

China's share of the global export market has risen by more than 5 percentage points since 2010

Global export market shares of non-energy goods (price adjusted)

Percentage points change since 2010



Source: European Central Bank.

China's growing export market share, particularly since 2018, marks a new phase in the country's integration into global trade. While export growth following China's accession to the WTO in 2001 – driven by trade liberalisation and integration into global value chains – was closely linked to rising imports, today's "China Shock 2.0" is characterised by large and persistent trade surpluses. As China continues to expand its exports, its reliance on imported intermediate goods has declined, reflecting the increasing role of domestic supply chains. This imbalance poses two major challenges for European firms. First, rising import competition in domestic markets places pressure on local producers by displacing their products and reducing market share. Second, intensified competition from Chinese exporters in third-country markets can discourage innovation and investment, as the development of new products becomes riskier and potentially less profitable.

Take: China's growing dominance in global trade and its rise as a leading exporter of technology-intensive goods come at an inopportune time for European companies. Even without these developments, high energy and labour costs, alongside comparatively weak productivity growth, are already weighing on the price competitiveness of many European exporters. While these domestic challenges can be addressed through a decisive and well-coordinated industrial policy response at both national and European levels, alongside a comprehensive relief package, restoring a global level playing field requires coordination with partners who share an interest in free and fair trade relations.



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