Economic Policy Department

GLOBAL INSIGHTS

Chart of the Week

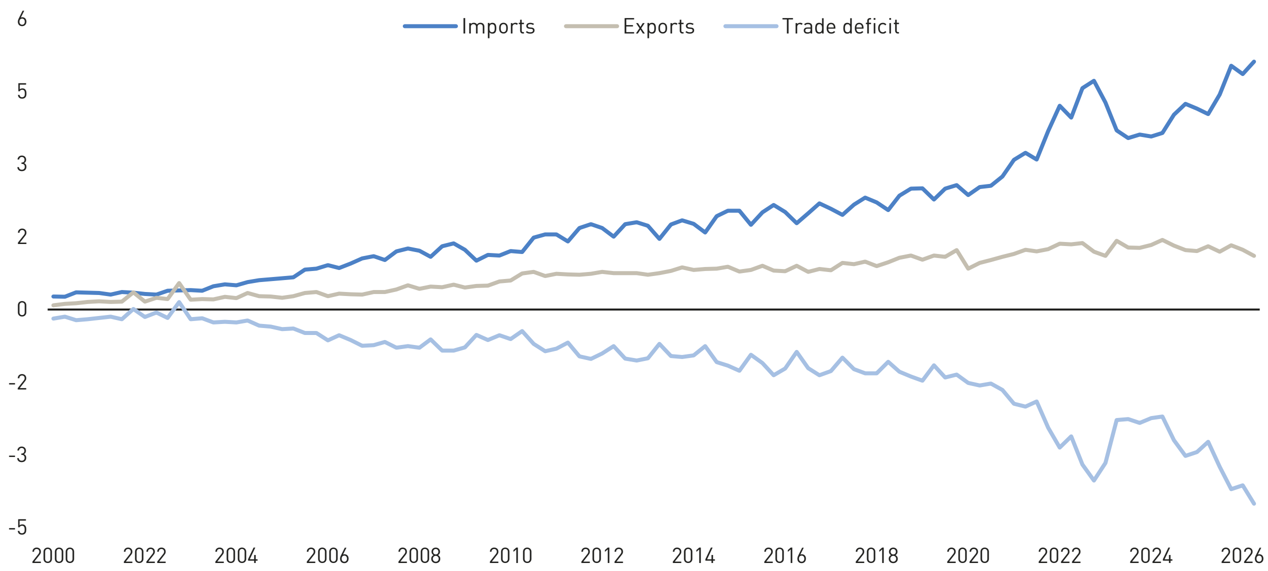
Trade deficit with China hits record high

In her State of the Union speech on September 16, 2026, European Commission President Ursula von der Leyen highlighted, among other issues, the EU's growing trade deficit with China. The "China Shock 2.0", driven by large-scale industrial subsidies and currency distortions, is putting increasing pressure on the export-oriented growth models of many EU member states. Austria is no exception: In 2025, Austrian imports of goods from China amounted to €17.6 billion, while exports totalled €5.03 billion. This resulted in a record trade deficit of around €12.6 billion. The trend continues in 2026: According to preliminary data from the Austrian statistical office, the trade deficit with China already stood at €7.6 billion in the first half of the year.

Austria's trade deficit with China continues to widen and reaches a historic high

Austria's trade in goods with China

Quarterly data through Q2 2026, in € billions



Source: Statistik Austria.

In their article published in the Economic Policy Papers (Wirtschaftspolitische Blätter, WPBl), Gruber-Német et al. (2026) show that Austria is facing increasing competitive pressure from China, particularly in technologically advanced sectors that have traditionally formed the backbone of the domestic industry. This is placing growing pressure on Austrian companies to adapt. According to the latest Industry Radar 2026 of the Austrian Federal Economic Chamber (WKÖ), approximately 80% of domestic companies rate international competitive pressure as a significant or very significant challenge. Where possible, companies are responding by increasing efficiency and productivity. At the same time, 25% are already planning to relocate procurement, production or sales activities within the next two years.

Take: Von der Leyen announced that she would use all available tools to reduce the EU's trade deficit with China, which has now grown to around €1 billion per day. In this context, the targeted use of trade policy instruments is a key means of ensuring fair competitive conditions. However, even if a level playing field is restored, a well-coordinated industrial policy at both the EU and member-state level, consistently geared toward strengthening the Single Market, will be needed to close the gap with the advantages China and other Asian economies already enjoy in some areas in terms of industrial efficiency, innovation and speed.

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