Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

By: TA | AP Insight

China's trade surplus continues to grow, but is it sustainable?



China's trade surplus exceeded $1 trillion for a second straight year, according to official data released Tuesday, as pressure mounts for greater balance in trade with Beijing.

Exports in October surged 35.2% from a year earlier, the customs agency said. Exports have grown rapidly this year, supported by high-tech goods like semiconductors and autos.

Imports rose 41.6% year-on-year.

Between January and October, China logged a $1.04 trillion trade surplus, even as the trade surplus narrowed last month to $105.3 billion from $133.5bn in September as imports picked up pace.

That puts China on track for surpassing last year's record $1.2 trillion trade surplus in 2026.

"We expect Chinese exports to stay strong for the rest of this year, led by electronics and autos," said Dave Chia, an economist at Moody's Analytics.

China's imports soared in October partly because of a recovery in shipments of crude oil from the Persian Gulf.

Overcapacity in many industries, excess domestic savings and weakened domestic demand are still leading China to ship its goods abroad as some countries move to protect their own industries, said Alicia García-Herrero, chief economist for Asia Pacific at French bank Natixis.

The situation is not sustainable, she said.

Businesses are feeling the pressure

Businesses are feeling the pressure of ferocious competition as China's economy has slowed, said Cinders Zhou, who sells eyewear for a manufacturer in Linhai city in eastern China's Zhejiang province.

"It comes down to product quality, or rather the increasing lack of it across the industry, since there's significant homogenization," said Zhou, whose company makes frames and lenses sold both in and outside China. "That has forced everyone to compete on price," she said.

> China has insisted it is not seeking to expand its surplus but wants more balanced global trade

Trade curbs by the European Union pose an important risk at a time of heightened U.S. trade barriers and tariffs, Chia said.

Still, the EU's trade measures apply to only a small part of China's exports, said Nguyen Hoang Nam with Capital Economics.

China has insisted it is not seeking to expand its surplus but wants more balanced global trade.

Exports could be vulnerable to setbacks in the AI industry

However, strong exports have helped offset sluggish domestic demand. The economy is forecast to meet Beijing's official target of a 4.5% to 5% annual growth this year, slightly slower than last year's 5% expansion.

China's exports to the U.S. grew 32.9% in October year-on-year, building on a low base after China-U.S. trade was hit last year by Trump's elevated tariffs. China's exports to the EU in October rose 24.3% year-on-year. They rose 17.2% in January-October.

For the first ten months, the trade surplus with the U.S. was around $266.5 billion, while for the EU, the 10-month difference was more than $310 billion. In 2025, the EU recorded a roughly $410 billion trade deficit with China, or more than $1.1 billion each day.



Trade is likely to be among top issues on the agenda in planned meetings between Donald Trump and Xi Jinping next week

Figures reported by China often differ from those reported by its trading partner.

Also in October, China's semiconductor exports soared 137.1% in terms of value from the year before. Exports of autos rose 37.6%.

China's exports could be vulnerable to setbacks for the artificial intelligence industry, a concern that deepened with the Democratic victories in the U.S. midterm elections given the public backlash against expansion of data centers.

"If the AI boom slows or turns into a correction, lower chip and electronics prices and smaller shipping volumes would hit China's exports hard," Chia said.

Trade is likely to be among top issues on the agenda in planned meetings between U.S. President Donald Trump and Chinese leader Xi Jinping next week on the sidelines of the Asia-Pacific Economic Cooperation leaders summit in China's technology hub Shenzhen.

A two-month extension of a trade truce until January has provided some relief to exporters, though it's unclear how long that may last.

U.S. and European trade policies have added "a lot of difficulties" for Chinese businesses to expand in the markets, said Wang Xin, head of the Shenzhen Cross-Border E-Commerce Association, an industry group.