

China Is Exporting More & Making Cheap Products Cheaper - Global Trade Update

China is flooding global markets, including the U.S., with cheap exports across various industries including steel, electric vehicles, solar panels, computer chips, and other manufactured goods.

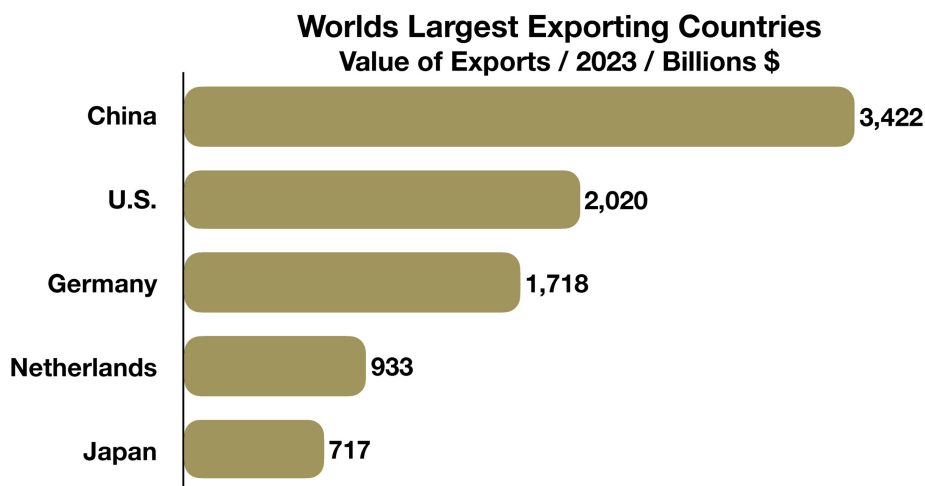
China's factories are producing far more goods than its domestic market can absorb, leading to a glut of excess supply being exported at low prices to foreign markets such as the U.S. and Europe. This overcapacity issue spans multiple sectors including steel, cars, solar panels, computer chips, and other manufactured products where China has rapidly expanded production capabilities.

China's global trade surplus in goods has soared to around \$900 billion in 2022, more than double the pre-pandemic level, indicating the scale of oversupply. Factors including China's slowing economy, protracted property slump, and shift in consumer spending patterns have exacerbated the overcapacity problem.

The U.S., European Union and other trading partners accuse China of unfair trade practices such as subsidies, intellectual property theft, and forced technology transfers that have enabled the overcapacity trend. China's government has been subsidizing Chinese companies in order to export more competitively and aggressively.

The current U.S. administration announced major tariff hikes on \$18 billion worth of Chinese imports including electric vehicles, solar cells, semiconductors, and some medical supplies to counter the inflow of subsidized Chinese products. The prior administration imposed tariffs of 25% on \$300 billion worth of Chinese goods in order to stem the import of such products from China.

Sources: IMF, [whitehouse.gov](https://www.whitehouse.gov)



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