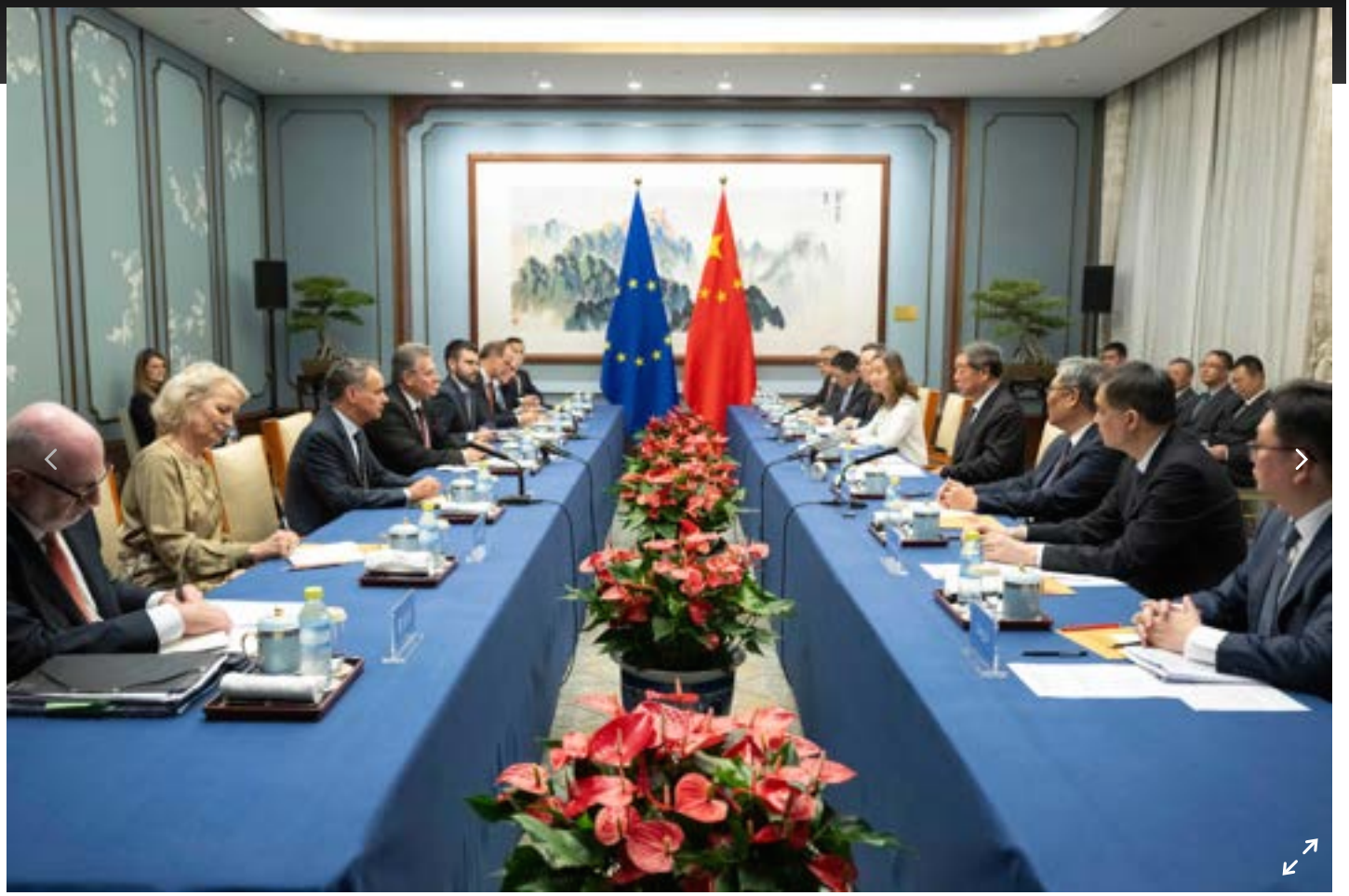
BUSINESS

China's trade surplus nears record as pressure mounts from trading partners



1 of 2 | In this photo released by the Xinhua News Agency, Chinese Vice Premier He Lifeng, fourth right, meets with European Commissioner for Trade and Economic Security Maros Sefcovic, fourth left, in Beijing, Friday, Oct. 9, 2026. (Tian Yu/Xinhua via AP) License this photo Read More

BY CHAN HO-HIM

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HONG KONG (AP) — China's exports surged 36.3% in September from a year earlier, its customs agency said Wednesday, putting the country on track to surpass last year's record trade surplus even as pressure mounts from trading partners, including the European Union, to rebalance trade.

The increase beat economists' expectations and was stronger than the 25% year-on-year growth in August. High-tech goods including semiconductors and automobiles helped fuel its rising shipments overseas.

September's export growth pace was the fastest since February, according to a compilation of official data by FactSet.

Imports climbed 31% in September year-on-year, also accelerating from August's 28.2% rise. Still, China recorded a $133.5 billion trade surplus last month, widening from $119.1 billion in August.

For the first nine months, China's trade surplus reached $938.1 billion, with expectations growing that it could surpass last year's full-year $1.2 trillion record.

Strong exports have helped drive China's overall economic growth this year, at a time when domestic consumption and investment remained sluggish, weighed on by a yearslong real estate sector downturn.

However, China's export resilience now faces mounting challenges, said Ecaterina Bigos, a senior market strategist at BNP Paribas Asset Management.

"While U.S.-China trade tensions have eased somewhat, the EU's push to rebalance directly targets high-value exports," she said.

The U.S. has launched an ongoing probe against China and other trading partners this year on their excess industrial capacity, although Washington and Beijing last month reached an agreement to extend their trade truce and cut tariffs on $60 billion worth of goods.

The 27-nation EU has particularly been struggling to rebalance a trade deficit exceeding $1.1 billion a day with China. EU trade chief Maroš Šefčovič, following his visit to Beijing where he met his Chinese counterpart Wang Wentao last week, said a deal has been reached with Beijing, including halving Chinese hybrid car imports into the EU over the next few years.

Many of China's trading partners are facing weak growth prospects and are fearful of their manufacturing industries being overrun by exports from China, said Eswar Prasad, a professor of economics and trade policy at Cornell University.

As talks about rebalancing trade with China grew, Chinese Premier Li Qiang said Wednesday at a landmark trade fair in the southern city of Guangzhou that the country is willing to import more high-quality goods, especially high-value-added products, and that it acts as both a "super seller" and a "super buyer," according to an official readout of his speech.

Policymakers have also pointed to an undervalued yuan, China's currency, against the U.S. dollar contributing to Chinese exports being cheaper overseas when compared with goods from other countries, adding to trade imbalances.

China's central bank has said it has "no need or intent" to gain competitive advantages through currency devaluation and that its trade growth has been driven by its industrial competitiveness in the global market.

Between January and September, China's semiconductor exports soared 108.1% year-on-year in terms of value, customs data showed. Its exports of automatic data processing equipment and parts jumped 54.6%, while auto exports rose 54.3%, driven by an increased global demand for Chinese electric vehicles and hybrids.

China's trade surplus and its high-tech export model depend on open markets, Bigos said, and while diversifying its exports into markets such as Southeast Asia and Latin America can help, it cannot fully substitute for Western demand.

The country's reliance on high-tech exports, meanwhile, could face challenges as some U.S. technology industry leaders called for a global slowdown in the development of artificial intelligence for safety reasons.

A slowdown in the global AI investment cycle could pose a greater threat to China's export growth than trade restrictions imposed by other countries," said Max Zenglein, Asia Pacific senior economist at The Conference Board.

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Chinese leaders have set an annual economic growth target of 4.5%-5% for 2026.

This week, the International Monetary Fund lowered its forecast for China's 2026 economic growth to 4.5%, down 0.1 percentage point from its previous projection, as it warned that the country's robust exports were unable to fully offset domestic weaknesses.

While Chinese officials have highlighted the need to bolster domestic demand, analysts believe that has yet to become a priority for this year even after authorities recently rolled out new measures to help lift its economy, including subsidies for homebuyers' mortgage interest payments.

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