

Macro Roundup Article

Headline: [Europe Should Worry But Not Panic Over China](#)

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Publication	Financial Times
Publication Date	September 29, 2023

Tweet: A surge in imports caused the EU's trade deficit with China to roughly triple from 2018 to 2022 to almost €400B, but the deficit has declined by about 25% this year.

Summary: The ballooning bilateral deficit is entirely driven by a rise in imports rather than a fall in exports; the two grew more or less in parallel at the end of the last decade. Then, after the first lockdown-related swings, EU exports to China remained more or less stable, while imports soared. The change in imports is visible across broad categories of manufacturing, although machinery and transport equipment (think of China's electric car boom) may be contributing more than its proportionate share. [In 2023] all of these changes have recently been going into reverse. Import volumes have fallen by about 10% since the peak in August last year; import prices by about 15%. The total import bill, consequently, is down by about quarter since a year ago.

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Primary Topic: Trade (not deficits)

Topics: GDP, Op-Ed/Blog Post, Trade (not deficits)

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