

Germany's Uneven China Shock 2.0: Four Competitive Patterns Revealed by Granular Trade Data

Simon J. Evenett, 21 September 2026

A product-level examination of German imports identifies 17 major Chinese import lines with large volume gains and substantial unit-value changes. These fall into four competitive patterns, highlighting the unevenness of China Shock 2.0, the limits of any single narrative, and the need for differentiated responses.

Europe's debate over China Shock 2.0 is moving from diagnosis to action. Ursula von der Leyen said this week that the EU's €1 billion-a-day trade deficit with China had reached a "tipping point". She said the second China shock was "already here" and linked it to deindustrialisation in Europe's industrial heartlands (von der Leyen, 2026). Emmanuel Macron and Friedrich Merz have called the imbalance an "existential threat" to European manufacturing (Chassany, 2026). Brussels wants "tangible results" from talks with Beijing by October and has asked China to limit Chinese-made hybrid cars to about 15 per cent of the EU market. An EU official described the objective as "stopping deindustrialisation" through "managed trade" (Bounds and Leahy, 2026).

These claims invite an empirical audit. There cannot be an import-driven China shock without meaningful changes in Chinese exports. Before asking whether Chinese competition contributes to deindustrialisation, it is useful to establish what happened upstream. Our comparisons run from H1 2023 to H1 2026, a three-year window covering the rise of the China Shock 2.0 narrative. We ask whether Chinese goods became cheaper in Germany, which products changed most, whether lower unit values came with rising quantities, and whether China displaced other foreign suppliers or expanded alongside them. German customs data permit this at the six-digit product level. Customs

data report trade values and physical quantities rather than prices, so we use unit values as the standard proxy for changes in average import prices. The analysis progressively narrows from more than 3,000 product lines to the small number displaying large changes in both unit values and import volumes, before asking what kind of competitive pressure each represents.¹

Figure 1 asks whether Germany faced an unusual Chinese price push. It compares Chinese export unit values into Germany, the other 26 EU members and five non-EU Western economies, the United Kingdom, Switzerland, Norway, Japan and Canada. Each product receives a German expenditure weight based on the average of its share in Germany's H1 2023 and H1 2026 imports from China, and the same weights are applied to all destinations. By H1 2026, Chinese unit values into Germany were about 9 to 10 per cent above H1 2023. The increase was smaller elsewhere. The broadest price-cutting story therefore fails this first test. Any China shock is more localised than an across-the-board fall in Chinese export unit values.²

Figure 2 reaches the same conclusion inside Germany. Across almost the full basket of manufactured and processed imports from China, the unit-value index stood at 110.2 in H1 2026, with H1 2023 equal to 100. It reached 111.6 for the top

¹ A unit value is import value divided by physical quantity. Unit values are widely used as price proxies in trade data, but they can also change when product quality or product mix within an HS6 category changes.

² Robustness check. The common basket covers 95.0 to 95.5 per cent of Germany's H1 2023 imports from China. Switching between count-first and weight-first quantity rules changes the German premium by at most 1.4 index points.

500 products, 115.4 for the top 100 and 117.9 for the top 50. These baskets account for 83.4, 57.2 and 45.7 per cent respectively of H1 2026 German imports from China. Unit values therefore rose most among China's largest German export lines. The aggregate evidence does not deny price pressure. It tells us to look for it at a more granular level.

Figure 3 shows where that search led. Chinese electric-vehicle unit values fell from 100 in H1 2023 to 74.6 in H1 2026, while final vehicles fell to 77.8. These groups show the most sustained declines across the seven half-years. Machine tools fell steeply by H1 2024, recovered much of the loss, then fell again to 84.7. Chemicals dropped sharply around H2 2024 before recovering to 96.3. Iron and steel articles, a product group where import restrictions are frequently imposed, moved within a narrow range and ended at 97.6. Plastics show a steadier reduction to 92.9. For four of these six groups, much of the initial fall occurred by H1 2024. The headlines about some of these salient sectors have some merit, but trajectories differ.

The current EU debate makes the vehicle result more than a historical curiosity. Chinese battery EVs have faced EU anti-subsidy tariffs of up to 45 per cent since October 2024, while hybrids face the standard 10 per cent tariff. Chinese hybrid imports into the EU then rose from 3,800 vehicles in October 2024 to 50,000 in July 2026 while average prices fell. The European Commission is now seeking voluntary export restraints as part of its October negotiations with Beijing (Bounds and Leahy, 2026). **Figure 3** shows why vehicles command attention. It also shows why their experience should not be projected onto every sector.

Figure 4 widens the lens from sectors to individual products. The striking feature is the spread of outcomes. Among the 3,114 usable product lines outside China's top 100 exports to Germany, 37.6 per cent recorded unit-value declines of at least 10 per cent between H1 2023 and H1 2026, and 27.0 per cent recorded falls of at least 20 per cent. Yet 15.0 per cent recorded rises of at least 50 per cent and 10.9 per cent rises of at least 75 per cent. The dispersion makes averages a poor guide to the competitive pressure facing individual German markets. The next step is therefore to identify products where large unit-value movements are accompanied by large volume gains.

Applying two demanding thresholds to the 96 usable products among Germany's top 100 Chinese imports isolates 17 cases. Chinese import volume rose by at least 25 per cent and unit value moved by at least 10 per cent in either direction. Together they accounted for \$6.09 billion of H1 2023 imports, equal to 12.5 per cent of the top-100 basket, worth about \$48.6 billion. Eleven combine rising quantities with falling unit values. They include plug-in hybrids, battery-electric cars, metal furniture, chemical preparations, electro-thermic appliances and electric hand tools. This is the pattern closest to price-led penetration.

The other six products in **Figure 5** point to a second mechanism. Their Chinese import volumes rose by at least 25 per cent even though unit values increased by at least 10 per cent. They include electric-motor parts, engine parts, vacuum cleaners, lawn mowers, domestic appliances and televisions. Falling prices cannot explain these gains. Higher unit values can reflect changes in specification or product mix, so they do not prove technological upgrading. The robust fact is that German buyers purchased much more from China while measured unit values increased. The excess-capacity story and the upgrading story are therefore not alternatives. Both appear in the same import data (FT Editorial Board, 2026; Hale and Olcott, 2026).

Figure 6 asks who loses when Chinese volumes rise. Across the same 17 products, China grew faster than all other foreign suppliers in every case. Median Chinese import-volume growth was 54.5 per cent, compared with 6.8 per cent for non-Chinese suppliers. Yet non-Chinese imports fell in only seven products and rose in ten. Where Chinese volumes surge while other suppliers contract, the pattern looks like China-specific displacement. Electric-motor parts are an example. Where both Chinese and non-Chinese imports rise, China captures more of an expanding import market. Engine parts provide an example. Sandbu's passenger-car argument describes the first mechanism. The German product data show that it is not the only one (Sandbu, 2026).

The 17 cases do not constitute one type of China shock. Table 1 divides them into four competitive patterns according to whether Chinese unit values rose or fell and whether import volumes from other suppliers expanded or contracted. Eight products combine falling Chinese unit values with rising non-Chinese volumes, while three combine

falling Chinese unit values with declining non-Chinese volumes. Four combine rising Chinese unit values with falling non-Chinese volumes, while two combine rising Chinese unit values with rising non-Chinese volumes. Price falls plus displacement comes closest to the classic China-shock mechanism. Rising unit values plus displacement points towards non-price Chinese gains. Where non-Chinese imports rise too, China's success sits within a wider increase in foreign supply to Germany.

What an uneven China Shock 2.0 means for German and European decision makers

Discussions of the German dimension of China Shock 2.0 may give the impression that its effects are broad-based. In fact, they are highly uneven. Of the 3,210 products where import volume data is available, 42.8 per cent recorded annualised Chinese import-volume growth rates of less than 3 per cent over the three years from H1 2023 to H1 2026. Of the 100 products Germany buys from China with the largest import bill, only 17 experienced import-volume increases of at least 25 per cent over the three years and average import price (unit-value) changes of at least 10 per cent in either direction.

These 17 products, including plug-in hybrids and battery-electric cars, saw their combined import value rise from \$6.09 billion in H1 2023 to \$9.92 billion in H1 2026. Their \$3.83 billion increase alone accounts for almost a quarter of the total increase in German imports from China. Even among these 17, the competitive patterns differ. Unit values fell substantially in 11 and rose in six, while non-Chinese import volumes fell in seven and rose in ten. These combinations mean there is no single "China Shock 2.0" for Germany. Even among the few products where import volumes from China rose significantly over the past three years, we identify four distinct cases.

Corporate and policy responses must reflect these distinctions. Where Chinese unit values fall, volumes rise and other foreign suppliers retreat, China-specific pricing, productivity gains, subsidies and excess capacity are candidate explanations to investigate. Where Chinese volumes rise despite higher unit values, the diagnosis shifts towards product quality, technology and industrial upgrading by Chinese firms. Where import volumes from China and other foreign suppliers both grow, Germany's broader competitiveness also belongs in the

diagnosis. German industrial production was weakening before the current China Shock 2.0 debate took off, while firms point to labour and energy costs, regulation, investment and infrastructure as constraints (Kirchfeld and Müller, 2026; Milne, 2026). The root causes of these four cases are unlikely to be the same. For government and business alike, diagnosis should therefore proceed product by product before deciding how to respond. These findings do not, by themselves, establish a case for across-the-board curbs on shipments of manufactures from China.

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Data collection and assembly

Data source and period

The analysis uses Trade Data Monitor, which compiles merchandise trade statistics reported by national customs authorities. Chinese exports are measured with mirror data, meaning the imports that partner countries record from China. All comparisons cover seven half-years from H1 2023 through H1 2026. H1 2026 contains January to June. Germany's import data for these six months are complete and total \$101.55 billion of imports from China. July and August 2026 are excluded because reporter coverage is incomplete, and the most recent observations remain subject to revision.

Product coverage

The universe covers HS chapters 28 to 97, excluding chapters 71 and 97. Agriculture, food, ores and mineral fuels in chapters 1 to 27 are outside the extract. Figures 2 to 6 use Germany's customs records. Figure 1 also uses the other 26 EU members and the United Kingdom, Switzerland, Norway, Japan and Canada. Its common basket contains 2,737 products under the count-first rule and 2,755 under the weight-first rule, covering 95.0 and 95.5 per cent of Germany's H1 2023 imports from China.

Unit values and volumes

The basic observation is a reporting country, HS6 product, partner, period and quantity unit. Unit value is import value divided by quantity. Comparisons are like-for-like. A cell enters only when the same product and quantity unit are observed in H1 2023 and the comparison period. Quantities within the same family are converted to a common basis, while incompatible units are never added. Cell-level relatives are aggregated in two stages using a Törnqvist index, with weights based on average expenditure shares in the two periods. Volume is the value ratio divided by the unit-value index.

Quantity rules and cleaning

Figures 2 to 6 use a count-first rule, using item counts where available and weight otherwise. Figure 1 reports both count-first and weight-first variants. Cell-level unit-value ratios below 0.1 or above 10 are trimmed to limit reporting errors and unit changes. Unit values are not transaction prices and can move when product mix changes within an HS6 code. Mirror values are recorded on a CIF basis. The matched-cell rule excludes product-unit cells that start or cease trading during the window.

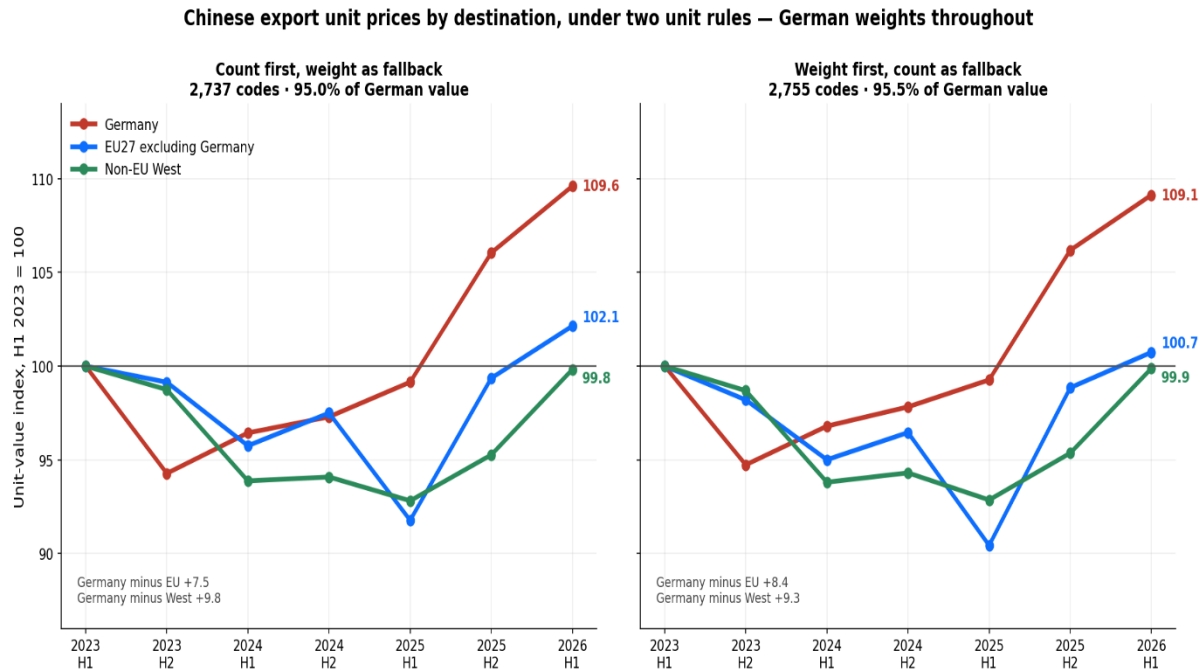
Figure-specific construction

Figure 1 applies Germany's average H1 2023 and H1 2026 expenditure shares identically to all three destination groups. Figure 2 fixes the all-product, top-500, top-100 and top-50 baskets using H1 2023 import values. They contain 3,210, 485, 96 and 48 usable codes and cover 99.5, 83.4, 57.2 and 45.7 per cent of H1 2026 import value. Figure 3 groups final EVs, final vehicles, final machine tools, chemicals, plastics, and iron and steel articles. Figure 4 is unweighted across products and separates ranks 1-50, 51-100 and 101-plus, with 48, 48 and 3,114 usable codes.

Key screens

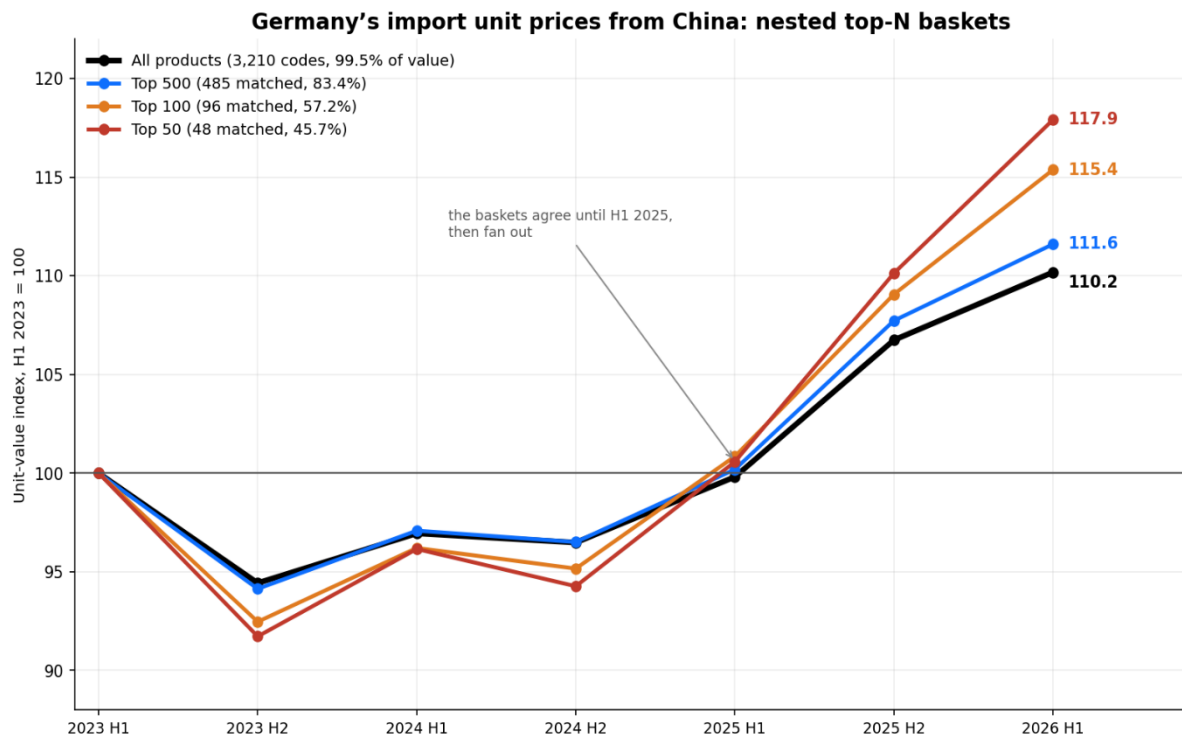
Figure 5 highlights 17 of the 96 usable top-100 products for which Chinese volume rose at least 25 per cent and unit value moved at least 10 per cent. They represented \$6.09 billion of H1 2023 imports, or 12.5 per cent of the top-100 basket that year. Figure 6 compares those same products with Germany's imports from all other suppliers, calculated as world imports minus China at product-and-unit level. The comparator is foreign supply, not German production. Because the 17 products were selected partly for rapid Chinese volume growth, the informative variation in Figure 6 is how non-Chinese supply changed.

Figure 1. Chinese unit values rose more in Germany than in comparator markets



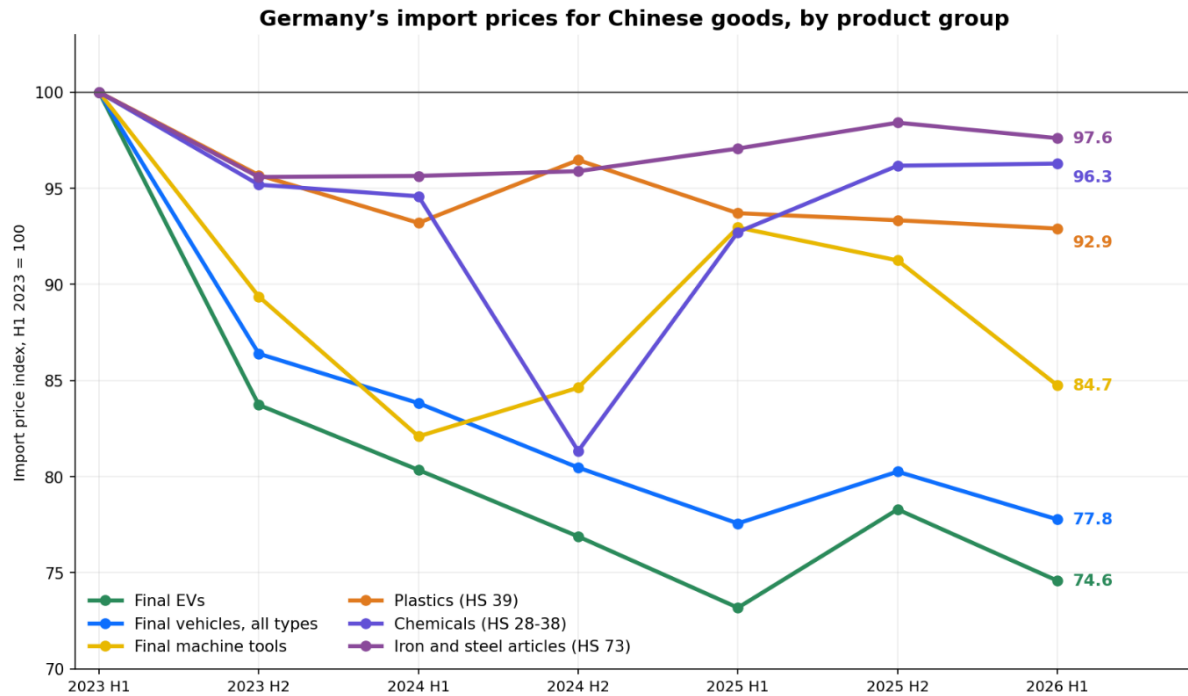
Source: Trade Data Monitor. Each reporter contributes through ONE unit family per product, chosen by the stated rule, so every country enters the aggregate exactly once. Reporters are then pooled within each destination group at code level, and Germany's own Tornqvist expenditure weights are applied identically to all three groups, so only the unit-value relatives differ. Basket = codes traded by all three groups in every period. Non-EU West = UK, Switzerland, Norway, Japan, Canada.

Figure 2. Unit values rose most among Germany's largest Chinese imports



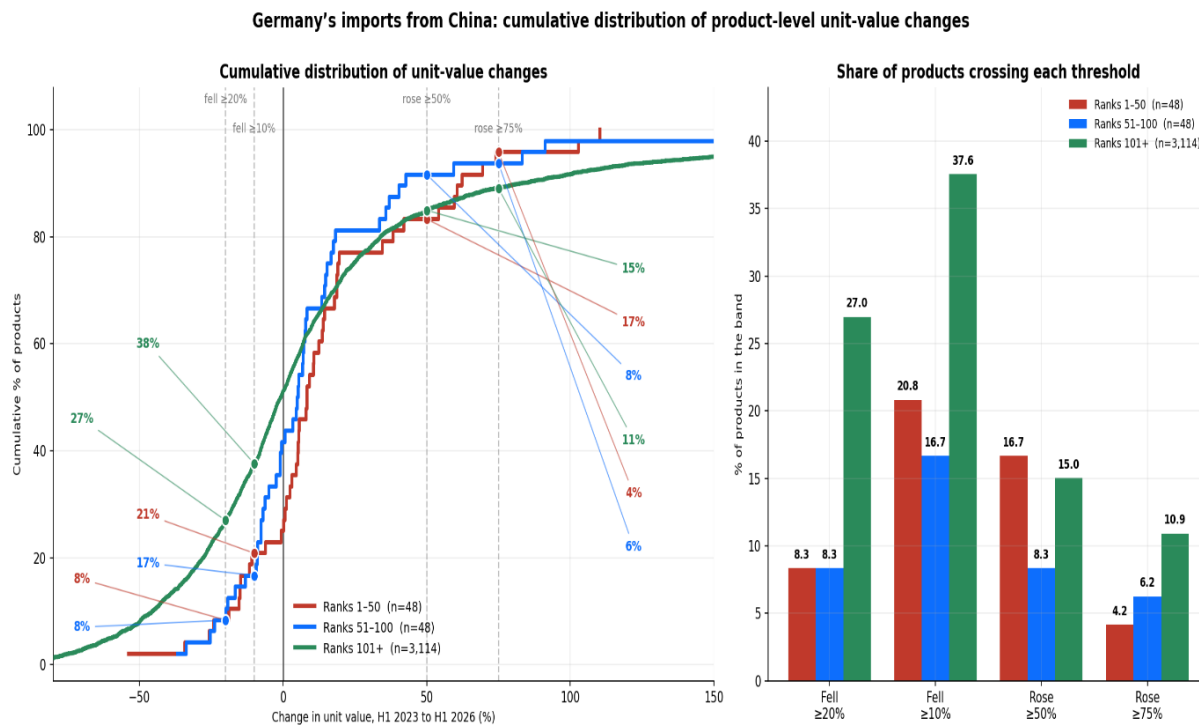
Source: Trade Data Monitor, Germany's recorded imports from China. Top-N baskets ranked by H1 2023 import value, then held fixed across all periods. Count-first unit rule, matched code-unit cells, 0.1-10x trim, two-stage Tornqvist. Matched code counts are lower than N because some codes lack a usable quantity in both periods. These are unit values, not transaction prices.

Figure 3. Vehicle unit values fell steadily while other sectors diverged



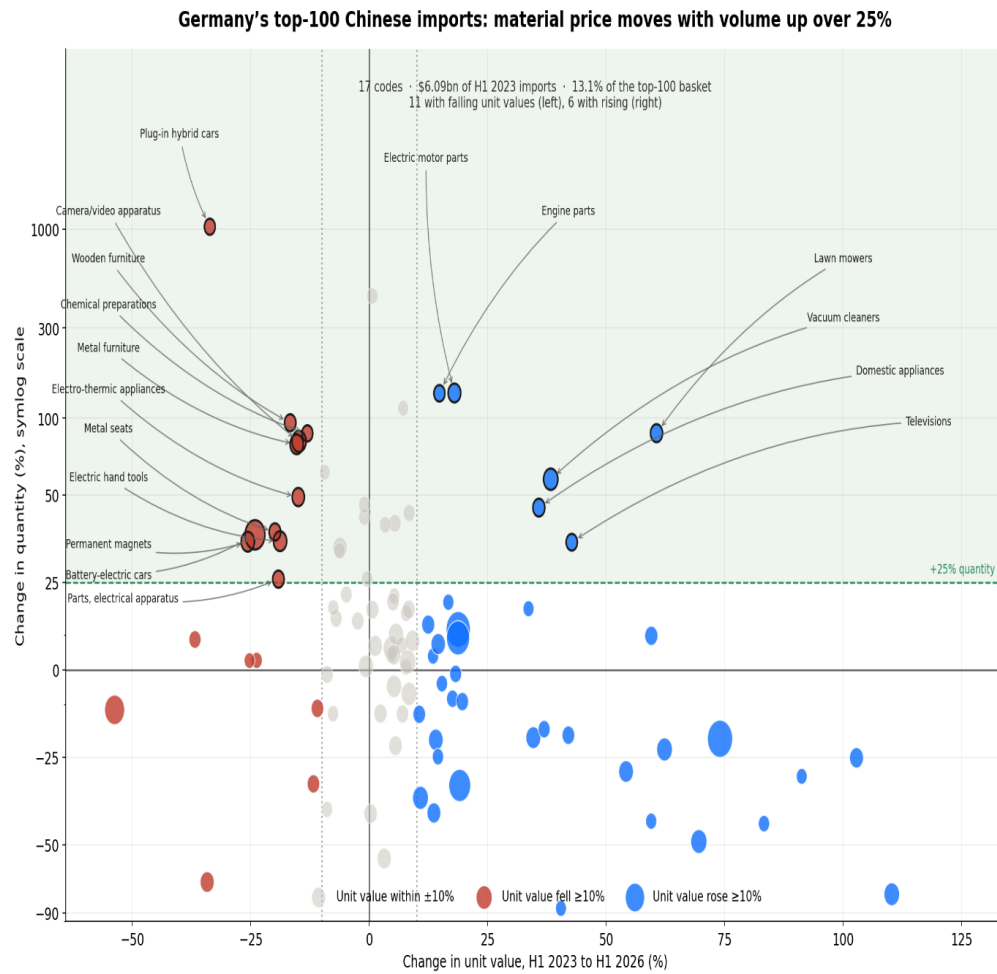
Source: Trade Data Monitor, Germany's recorded imports from China. Count-first unit rule, matched code-unit cells, 0.1-10x trim, Törnqvist unit-value indices.
 Final EVs = HS6 870380, 870360, 870340, 870240, 871160. Final vehicles = HS4 8701-8705, 8709, 8711-8713, 8715, 8716 (parts excluded).
 Final machine tools = HS4 8456-8465 (parts heading 8466 excluded). EVs sit inside final vehicles.

Figure 4. Chinese unit-value changes varied widely across German product lines



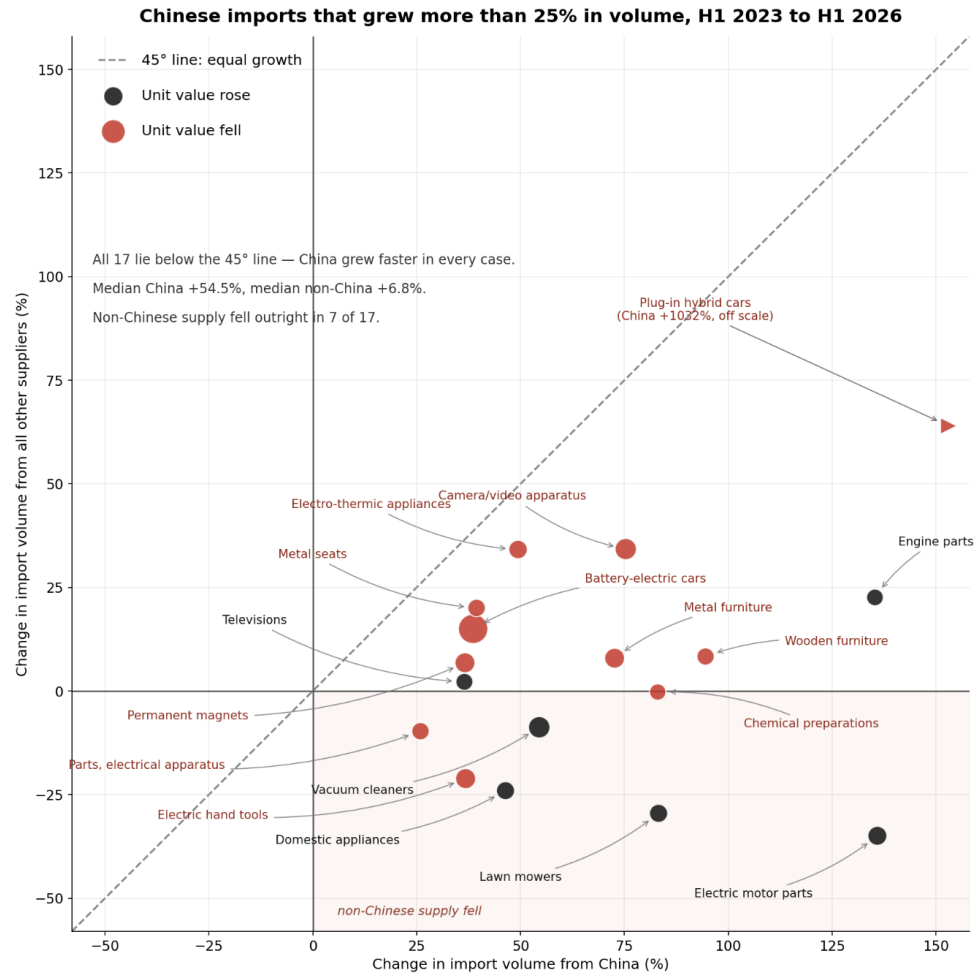
Source: Trade Data Monitor. Products ranked by Germany's H1 2023 import value from China; bands are disjoint and exhaustive. 3,210 HS6 codes with a matched unit value in both periods, 0.1-10x trim. Unweighted: each product counts once regardless of trade value. Labels at the $\geq 20\%$ and $\geq 10\%$ lines give the share falling at least that much; labels at $\geq 50\%$ and $\geq 75\%$ give the share rising at least that much. These are unit values, not transaction prices.

Figure 5. Seventeen large-volume cases split between falling and rising unit values



Source: Trade Data Monitor, Germany's recorded imports from China. The 96 usable codes among the 100 largest by H1 2023 import value. Ringed markers are the 17 codes with a unit-value change of at least 10% in either direction and a quantity increase of at least 25%. Marker area is proportional to H1 2023 import value. Count-first unit rule, 0.1-10x trim. Electric motor parts = HS 850300; engine parts = HS 841290. Unit values, not transaction prices.

Figure 6. Chinese gains came with and without displacement of other suppliers



Source: Trade Data Monitor, Germany's recorded imports. The 17 top-100 products with a unit-value change of at least 10% and Chinese volume up at least 25%. Non-China is Germany's imports from the world minus its imports from China, at code and unit level. Marker area is proportional to H1 2023 imports from China. Axes are equal and linear so the 45° line is a true diagonal. Plug-in hybrid cars, at China +1,032%, is plotted at the right edge as an arrow marker.

Table 1. Seventeen large-volume cases reveal four competitive patterns

Chinese unit value	Non-Chinese import volume fell	Non-Chinese import volume rose
Fell by at least 10% 11 products	Chemical preparations Parts, electrical apparatus Electric hand tools	Plug-in hybrid cars Camera/video apparatus Electro-thermic appliances Metal seats Battery-electric cars Metal furniture Wooden furniture Permanent magnets
Rose by at least 10% 6 products	Vacuum cleaners Domestic appliances Lawn mowers Electric-motor parts	Televisions Engine parts

Note. The 17 products represented \$6.09 billion of H1 2023 imports from China, equal to 13.1 per cent of Germany's top-100 Chinese import basket. In H1 2026, imports from China of the same 17 products totalled \$9.92 billion, an increase of \$3.83 billion. These 17 products alone accounts for 24.8 per cent of the \$15.47 billion rise in Germany's total imports from China over the same period.