



PRESS RELEASE

China's exports hold firm on AI and green technology demand, but trade tensions cloud the outlook

Dubai, United Arab Emirates, September 2026 - China's exports rose 24% year on year in the first seven months of 2026, according to the latest Coface analysis, as strong demand for artificial intelligence hardware and green technology products offset persistent weakness in domestic consumption and investment. The export momentum helped keep first-half GDP growth at 4.7%, within the government's downgraded target range of 4.5% to 5%. Coface forecasts GDP growth of 4.4% in 2026 and 4.3% in 2027, while maintaining a Country Risk Assessment of B, fairly high, for China.

Key takeaways:

- China's exports grew 24% year on year in the first seven months of 2026, while retail sales rose only 1% and fixed investment fell 7% year on year
- AI-related exports, spanning raw materials, intermediates and equipment, accounted for 23% of total exports and grew 47% year on year in the first half of 2026
- Memory chip exports surged 219% year on year, making up 54% of AI-related export growth, as Chinese firms filled gaps in mature nodes such as DRAM and NAND
- Green technology exports, led by electric vehicles, energy storage systems and solar panels, grew 52% year on year and added 2.2 percentage points to headline export growth
- AI-related and green technology goods together accounted for 61% of China's export growth in the first half of 2026
- Trade frictions with the United States and the European Union stand out as the main downside risk to export growth heading into the second half of the year



Export strength is structural, not cyclical

China's export performance this year reflects structural rather than cyclical forces. Robust demand for AI hardware, surging semiconductor prices and green technology shipments tied to the global energy transition together accounted for 61% of China's export growth in the first half of 2026. However, Coface notes that this growth remains narrowly concentrated in these two categories, with limited spillover to the wider economy.

AI hardware and green technology drive growth

AI-related exports, covering upstream materials, midstream intermediates and downstream equipment, grew 47% year on year in the first half of 2026. Midstream intermediates, mostly semiconductors, made the largest contribution, with memory chip exports up 219% year on year as Chinese manufacturers filled the gap in mature nodes such as DRAM and NAND while international producers shifted capacity toward high-margin, high-bandwidth memory chips. GPU exports rose 174% year on year. ASEAN, India and North Asia together accounted for roughly half of the growth in China's ICT machinery exports.

Green technology exports also gathered pace, amplified by the Middle East conflict and its impact on global energy markets. Electric vehicle exports rose 77% year on year, supported by high oil prices that widened their cost advantage over internal combustion vehicles, with the European Union the primary destination. Energy storage system exports grew 43% year on year, driven by demand for backup power amid unstable energy supplies and rising data centre construction, while solar panel exports increased 24% year on year.

Trade frictions with the US and EU remain the key risk

Coface expects protectionism to pose downside risks without derailing China's headline export growth, given continued structural demand for AI-related and green technology products. Certain segments, including hybrid energy vehicles, generic drugs and research institutes, face higher trade policy uncertainty depending on the outcome of bilateral negotiations.

US-China trade frictions are likely to intensify ahead of a potential Trump-Xi summit in September, with several US tariff measures under consideration, including a



possible expansion of Section 232 tariffs on drones and polysilicon, and two ongoing Section 301 investigations. China-EU friction is expected to be more product-specific, following the European Union's decision to lower its tariff-free quota on steel imports and reports that countervailing duties on electric vehicles could be extended to hybrid models.

Mohamad Jomaa, CEO and Country Manager for GCC and Egypt at Coface, said:

“China’s export performance matters directly to the GCC. As Chinese firms accelerate their push into AI hardware and green technology, the region is becoming an increasingly important trading partner and destination for these flows. But this opportunity comes with greater complexity. Escalating US-China and EU-China trade tensions can rapidly reshape trade flows, supply chains, and sourcing strategies. For GCC businesses, the priority is therefore not only to capture the opportunities created by this shift, but to strengthen their risk intelligence and anticipate how changing trade patterns could affect their customers, suppliers, and markets.”

Domestic demand still needs support

Fiscal spending declined 3% year on year in the first half of 2026, and government bond issuance used less than half of its approved quota. Infrastructure investment remains a policy focus, with fixed asset investment in information transmission, power supply and water transport rising 26%, 19% and 20% year on year respectively, even as total infrastructure investment fell 2.4%. Coface does not expect new stimulus through a supplementary budget or an increase in the government bond issuance quota this year, though policymakers could turn more proactive in 2027 if export growth weakens materially.

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