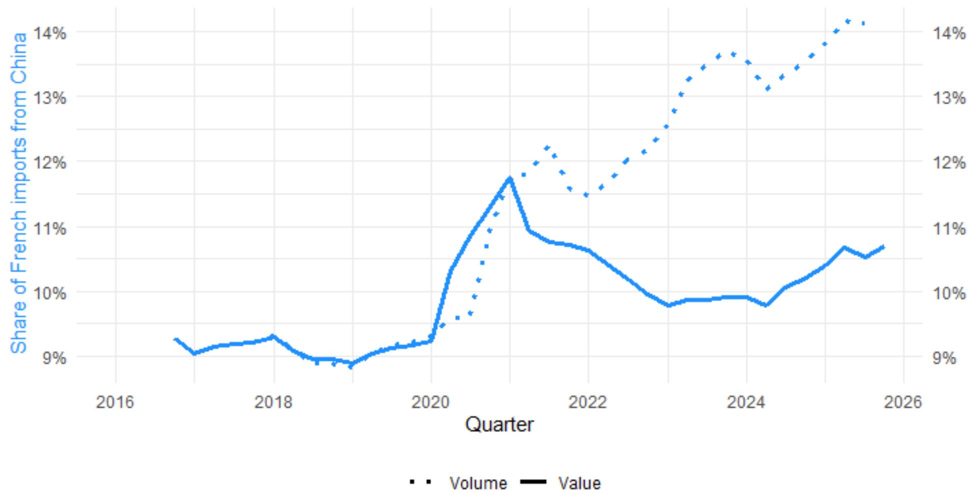
Chinese competition: which French industrial sectors are exposed?

By Mélanie Coueffé

China's share of French imports has been rising for several years, against a backdrop of growing trade tensions. A comparison between the structure of imports from China and that of domestic production shows that Chinese competition is putting pressure on a number of industries. Conversely, certain sectors could benefit from lower-cost imported inputs.

Chart 1: China's share of French imports of industrial goods, in value and volume terms



Source: Customs data, Banque de France calculations.
Note: Data are aggregated over four quarters at each date and deflated using price indices constructed from the unit values of imports. Most recent values: Q4 2025 (value), Q3 2025 (volume).

Since 2024, Chinese growth has once again depended largely on the strength of its exports, amidst persistently weak domestic demand (IMF, 2026). Since early 2025, this situation has been compounded by the trade war between the United States and China, which represents a negative shock for China that could strengthen the general competitiveness of its exports, as well as the possibility of Chinese goods being redirected from the United States to other countries, including France (ECB, 2025). It is therefore possible that competition from China will intensify for French firms, either directly on the French market through growth in imports from China, or on export markets where French firms compete with Chinese producers.

A rise in imports from China does not necessarily mean increased competition for French production. It may concern goods that are only produced to a limited extent – or not at all – in France, or inputs used by French firms in their production processes. The analysis presented here focuses primarily on direct competition with domestic production. To assess this, we compare the composition of imports from China with that of French production to identify the most exposed sectors. This analysis focuses on "China shock 2.0", which refers to a second wave of strong Chinese penetration of the global export market. It does not revisit the first shock in the wake of China's admission to the WTO in 2001.

China's share of French imports is rising, particularly in volume terms

China's share of French imports of industrial goods rose from 9.2% in 2017 to 10.7% at the end of 2025. This increase is even more pronounced when imports are adjusted for price changes: in volume terms, our estimates suggest a rise of around 5 percentage points between 2017 and mid-2025 (Chart 1).

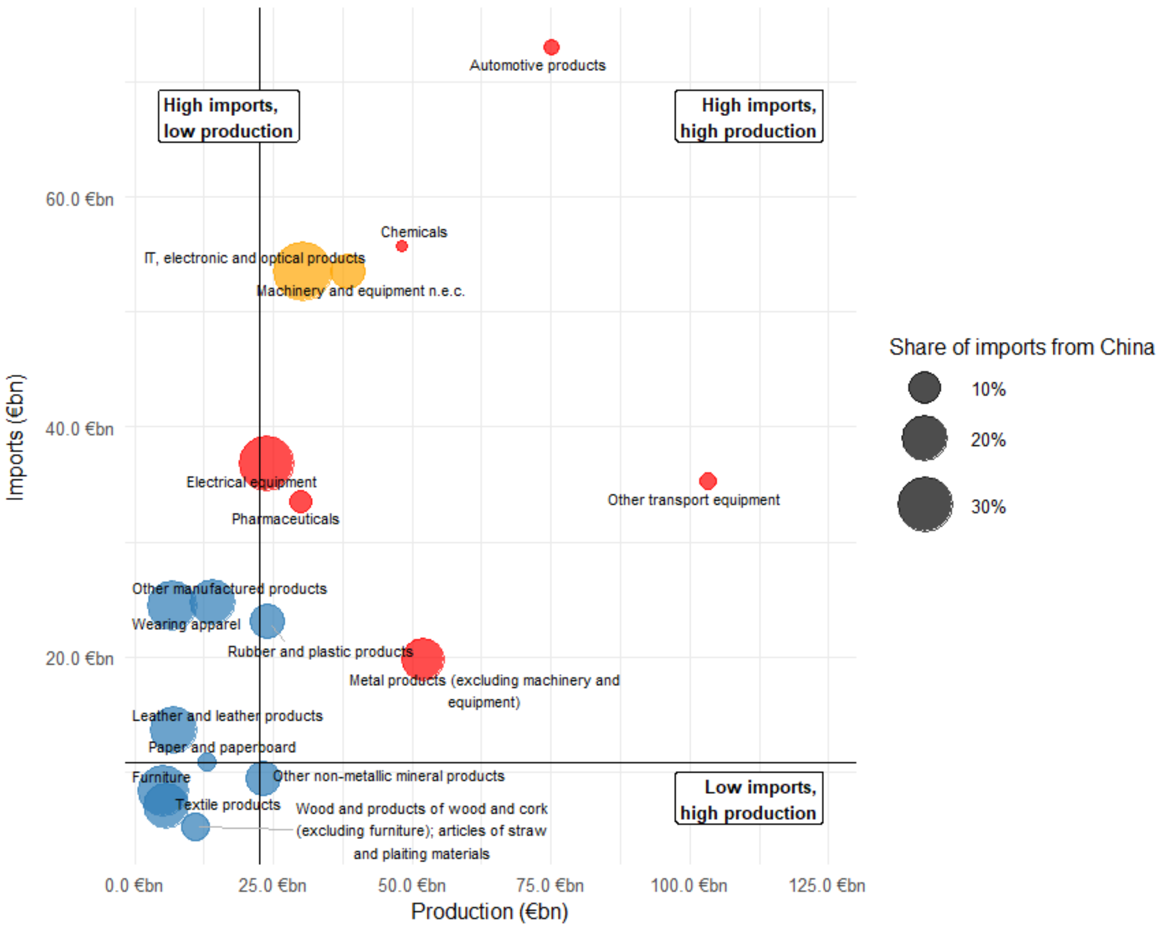
The fact that Chinese imports are growing faster in volume than in value terms indicates that products imported from China have become relatively cheaper than those from other countries. When these products compete with French-made goods, this price advantage may lead some buyers to opt for Chinese goods rather than domestic products.

This increase in China's share of imports is not unique to France: it is also apparent across the euro area, although its extent and timing vary from one country to another.

Exposure is limited at industry level, but significant in certain sectors

French industry's aggregate exposure to Chinese competition appears to be relatively limited. Most of the goods that France imports from China are only produced to a limited extent – or not at all – in the country. Indeed, around half of French imports of consumer electronics, telephones and communications equipment, computers, household appliances, sports equipment, games and toys come from China. These goods are now produced rarely in France. Nevertheless, even in sectors where domestic production is currently relatively weak, the fierce competitiveness of Chinese goods may discourage investment and the entry of new French industrial players.

Chart 2: Imports and production by product in 2024, and share of imports from China in 2025



Sources: INSEE, Customs data, Banque de France calculations.
Note: The reference lines separate products whose import and production levels are above the median from those below it. Only products for which China accounts for more than 4% of French imports are shown. Products in the top-right quadrant combine significant domestic production with high import volumes and are therefore most likely to face direct competition from Chinese imports in the future. Red markers indicate these products, which are therefore shown as being directly exposed to Chinese competition; yellow markers indicate products that are less directly exposed; blue markers indicate products with a low level of exposure.

The annual accounts published by INSEE are available for 88 products and enable us to identify several categories of products that are both extensively imported and produced domestically for 2024, the most recent year for which data is available (top right-hand quadrant of Chart 2). Among these products, China's share of imports is either significant or growing rapidly.

Five sectors, shown with a red marker in Chart 2, appear to be more directly exposed. Nevertheless, the situation varies across sectors. In the automotive and electrical equipment sectors, competition from China is already very much in evidence. In recent years, China has made significant inroads in electric vehicles, as well as in certain strategic components, notably lithium-ion batteries. While French government policies and the tariffs erected by the European Union since mid-2024 are helping to protect the European market, competition remains fierce in export markets and in the manufacture of components.

Manufacturers of metal products and chemical corporations are struggling with this competition in an already challenging environment. The metal products sector is being squeezed by rising energy costs and a slowdown in certain customer sectors, notably the automotive and construction industries, while the chemical industry is also contending with high production costs and increased international competition. In both cases, the growth in Chinese imports is exacerbating existing pressure.

The pharmaceutical industry is also grappling with China's growing presence, initially in generic drugs and active pharmaceutical ingredients, and increasingly in more innovative segments. Lastly, the aeronautics sector represents a special case: the French aeronautics industry remains robust and well-integrated, which limits short-term risks. However, China has set its sights on gradually gaining control of the entire aeronautics value chain and being able to compete with the sector's established players in the medium to long term.

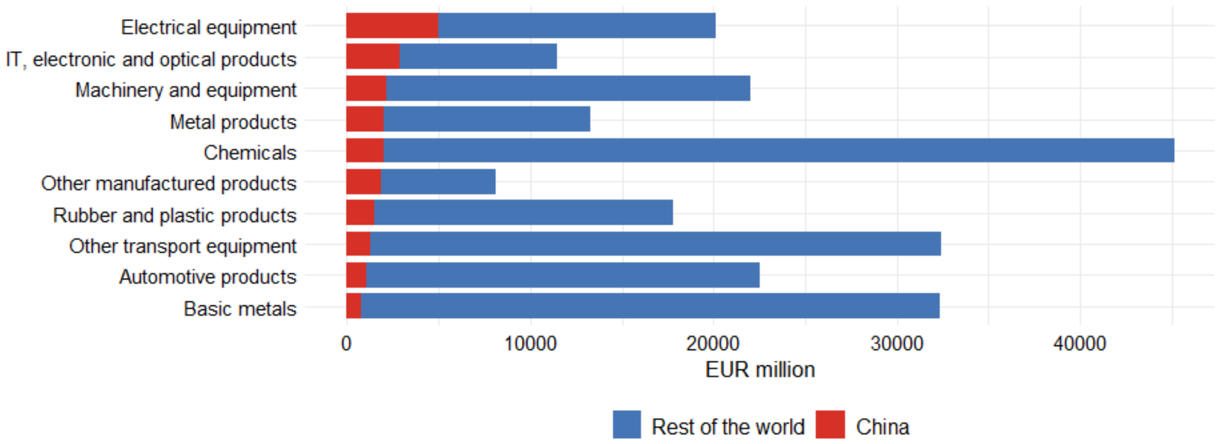
Conversely, certain products identified in Chart 2 by a yellow marker – notably IT, electronic and optical products, as well as machinery and equipment – appear to be less directly exposed. Although French imports of these products come largely from China, they often consist of goods that are rarely manufactured now in France, such as laptops or mobile phones. Increased direct competition with domestic production therefore appears to be more limited in this sector.

Certain sectors may also benefit from lower-cost Chinese inputs

Imports may also serve as inputs for French firms in their production processes. In such cases, a relative fall in import prices can lower production costs and boost the competitiveness of the user sectors (Banque de France, 2019). Indeed, economic literature emphasises that the impact of Chinese imports is not limited to a competitive shock to domestic producers: it can also feed through to supply chains, where access to lower-cost inputs enhances the competitiveness of user firms (Banque de France, 2022).

The intermediate inputs that France imports most from China are electrical equipment, IT and electronic products, machinery, metal products, chemicals and rubber and plastic products. For example, around 25% of electrical equipment imported as intermediate inputs comes from China (Chart 3). The sectors that use these products most intensively in their production processes are construction, the automotive industry, machinery and equipment manufacturing, and agriculture. These sectors should therefore benefit from an increase in imports of lower-cost inputs.

Chart 3: French imports of semi-finished products and spare parts from China and the rest of the world in 2025



Source: Customs data, Banque de France calculations.
Note: This chart presents the top 10 most imported intermediate goods from China.