Indian Economy · GS - III

China's rising trade surplus highlights the growing role of global demand for high-technology products in shaping international trade. Examine the opportunities and challenges associated with persistent trade surpluses for the global economy.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 10/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Export competitiveness, AI-driven demand, semiconductor industry, weak domestic consumption, global trade imbalances, protectionism, supply-chain dependence, domestic demand.

Model Answer

Introduction

China's merchandise trade surplus reached $1.04 trillion during January–October 2026, supported by strong overseas demand for AI-related hardware, semiconductors and electronic components.

Opportunities

- Export growth generates foreign exchange and supports industrial expansion.
- Global demand for technology products encourages innovation, investment and economies of scale.
- Competitive exports can improve access to advanced goods and strengthen global supply chains.

Challenges

- Persistent surpluses can intensify trade imbalances and provoke tariffs or protectionist measures.

- Dependence on external demand makes economies vulnerable to global recessions and geopolitical disruptions.
- Weak domestic consumption may indicate an imbalance between production and household demand.
- Excess capacity and aggressive price competition can affect industries in trading partner countries.

Conclusion

Sustainable global trade requires balanced growth through stronger domestic consumption, fair competition and diversified supply chains. International cooperation is essential to prevent trade imbalances from escalating into economic conflicts.