TDM Insight: China Slashes Coal Imports As Economy Readies For Tariffs. (7-August-2025)
By John W. Miller, Chief Economic Analyst - Trade Data Monitor

China Cuts Coal Imports

For years, as the rest of the world turned away from coal, China had been boosting imports to power its booming electrification, and a vibrant new industry of electric vehicles and batteries. In 2024, it imported 352.2 million metric tons of coal, up 79% from 197 million in 2019.

This year, China is finally giving up the rock. In July, its purchases of coal dropped 22.9% year-on-year by volume to 35.6 million tons, while boosting imports of other energy sources. Imports of natural gas rose 82.4% to 10.6 million tons, and imports of crude petroleum oil increased 11.5% to 47.2 million tons.

China diminished imports from its top sources: Russia, Australia, Mongolia and Indonesia. The only country it increased coal imports from was Canada, boosting imports 13.3% to 5.4 million tons.

So what is going on? China has been producing more coal domestically and also developing more alternative energy sources such as wind and solar. It's also transforming its economy to become less dependent on global trade, by ramping up production in assets like coal, where it has abundant resources. Exports of fertilizers rose 134.5% to $2.1 billion, and exports of agricultural products increased 1.6% to $8.4 billion.

Adjusting to U.S. Tariffs

The switch is just one of the ways China has been adjusting to duties from its biggest export market. How the world adapts to a newly protectionist U.S. is one of the most important economic stories of the decade. On Thursday, August, 7, Washington slapped duties from 10% to 41% on hundreds of billions worth of imports from dozens of countries.

Also on Thursday, China said its overall goods exports increased 7.2% in July to $321.8 billion, surpassing the expectations of analysts who'd predicted growth of around 6%. Exports to the U.S., however, fell 21.6% to $35.8 billion, while imports from the U.S. shrank 18.6% to $12.1 billion.

Current U.S. tariffs on Chinese imports vary, but are generally around 45%. The U.S. has also eliminated the de minimis exemption, which allowed companies to ship goods worth under $800 into the U.S. tariff free.

Negotiators from Washington and Beijing are currently negotiating a new agreement governing tariffs between the two countries. The two sides have set an August 12 deadline, after which they've threatened to impose duties of over 100%, which would cripple trade between the world's dominant trading economies.

Destination Europe

One surprising development has been how much China has managed to redirect its exports into the European Union. Officials from Brussels visited Beijing last month. Shipments into the EU increased 9.3% in July to $50 billion, even as imports from the EU declined 1.4% to 24.5 billion.

Less surprisingly, exports to ASEAN nations rose 16.8% to $54.6 billion, led by shipments to Vietnam increased 28.1% to $17.1 billion. Imports from ASEAN nations fell 5.4% to $31.4 billion. Exports to Russia continued their decline, falling 9% to $9.1 billion.

Supply Chains or Domestic Demand?

China's total imports rose 4.1% in July to $223.5 billion. The increase in imports was driven by increases in commodity shipments from Africa, up 20.3% to $10.6 billion, Latin America, up 12% to $22.1 billion, and India, 26.4% to $1.7 billion.

Just as the new American dream appears to be a self-contained continental market, so it goes for China. It's now a country that makes everything. All it needs is raw materials. Imports of agricultural products rose 5.4% to $18.7 billion. One essential question is how much the trade is focused on supplying the domestic market, and how much is part of global manufacturing supply chains.

Phone and Cars

Shipments of high-tech products rose 4.3% to $78.1 billion. Exports of mobile phones, however, fell 21.8% to $7.5 billion, signaling that China could losing one of the mainstays of its export economy. In the first half of 2025, the U.S. cut smartphone imports from China 27.6% to $11.2 billion from *tripling* them from India to $11.6 billion. That might change as President Trump moves to slap duties on India. Imports of high-tech products rose 7.9% to $71.9 billion, and exports of chips and integrated circuits increased 29.4% to $17.9 billion.

When it comes to cars, China has already become a country that makes way more than it takes. Exports of motor vehicles rose 18.5% to $11.8 billion. Imports of motor vehicles dropped 42.1% to $2.5 billion.

Toy sales fell 3.2% to $3.5 billion.