



TDM Insight: China Hikes Oil & Gas Imports . (14-April-2025)

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China's Economy

When China joined the World Trade Organization in 2001, the move was seen as an essential turboboost to a huge but developing country. Without access to global markets, there was no way for China to become the greatest exporter the world has ever seen.

Now, as the backlash to that growth turns into a bitter battle over tariffs, China no longer needs help from a multilateral trade treaty. In fact, with China now the world's second biggest economy, we're in uncharted economic waters. For example, in March, despite all the furor around new U.S. import tariffs and the damage it might do its top trading partner, China boosted imports of oil and gas. Natural gas imports rose a whopping 39.2% year-on-year to 9.2 million tons. Imports of crude petroleum oil rose 4.8% to 51.4 million tons.

The numbers boosted energy prices around the globe, and showed how the realities of global trade and the uniqueness of China's economy are likely to continue to surprise analysts. "We have a vast domestic market that serves as a strong strategic backup," said a government spokesperson. "By staying focused on our own development, we aim to provide stability amid global uncertainty." Overall, Chinese exports increased 12.3% year-on-year to \$313.9 billion, and imports fell 4.3% to \$211.3 billion, widening China's trade surplus. Analysts attributed the high export figures to business stocking up on inventory before the tariffs sink in. Once they do, "we think it could be years before Chinese exports regain current levels," wrote Julian Evans-Pritchard, head of China economics at Capital Economics in a note.

Across the Pacific

To be sure, the worst-case scenario appears grim. The data for March, released Monday, came after one of the most tumultuous weeks in global economic history, capped by both the U.S. and China announcing tariffs over 100% on each other's products. The threat of the world's top two economies ceasing to trade with each other could be devastating for the global economy. The stock market's response to suggested U.S. tariffs showed how much the world's prosperity depends on well-oiled supply chains. Locking them up with tariffs would really hurt. The WTO said shipments between the U.S. and China could fall as much as 80%, severely damaging global growth, because of the tariffs.



In March, exports to the U.S. rose 8.8% to \$40.1 billion, while imports from the U.S. fell 8.9% to \$12.5 billion. The persistence of the trade surplus with the U.S. is unlikely to calm protectionist fears, but the volatile nature of this particular trade war is an invitation to stay focused on the data. For all the politics and the lobbying for exemptions, what really matters is what's going in and out of ports.

High-Tech Exception

When China joined the world trading system, the move was driven in large part by U.S. corporations eager to base their manufacturing plants in a low-wage country. Americans loved it. It was the age of the cheap sneaker. How this current trade war plays out is also likely to be influenced by the needs of U.S. business and consumers. The Trump administration, for example, has been floating an exemption for smartphones, laptops and other essential electronics. In March, China's exports of high-tech products rose 7.8% year-on-year to \$77.8 billion. Sales of mobile phones bumped up 1.4% in number to 58.3 million sets. Shipments of integrated circuits increased 8.3% to \$15.8 billion.

The Great Game

The global trade economy is one of the factors re-shifting geopolitical alliances. For China, the tension with the U.S. is a chance to redo economic ties with the entire world. In March, exports to ASEAN nations rose 11.9% to \$59 billion, while imports from the ASEAN bloc increased 10% to \$35.1 billion. Exports to the EU rose 9.9% to \$43.1 billion. Imports from the EU declined 7.4% to \$21.6 billion. Exports to Vietnam increased 19.6% to \$17.7 billion, while imports from Vietnam were unchanged at \$8.3 billion. Whatever happens with the U.S., there will still be markets for broad categories of Chinese manufacturing. In March, for example, exports of toys rose 6.4% to \$3 billion, and sales of footwear increased 10% to \$3.2 billion.

And China, of course, will keep changing. In March, its purchases of coal, long core to the country's energy mix, fell 6.4% year-on-year to 38.7 million tons.