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China-Russia trade in early 2025: Fueling Moscow's war despite headwinds

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Despite falling oil and car shipments dragging down headline trade figures, China remains central to sustaining Russia's economy and war effort in 2025.

The first half of 2025 saw a contraction in bilateral goods trade between China and Russia. In US dollar terms, imports to China declined by 9.6% year-on-year, while exports to Russia dropped by 8.4%, according to Chinese customs data. However, the headline numbers fall short of indicating a broader weakening of bilateral economic ties. In both cases, the downturn can be largely attributed to specific product categories whose performance disproportionately influenced the aggregate figures — and it is precisely these areas of disruption that reveal tensions and conflicting economic interests between the two allies.

Falling energy commodity imports weigh on China's purchases from Russia

Although the total value of goods delivered from Russia to China fell by $6.3 billion, three energy-related categories alone — crude oil, fuel oils, and bituminous coal — accounted for declines of $8.0 billion, $1.4 billion, and $1.5 billion, respectively. The drop in crude oil inflows was primarily driven by *newly imposed US sanctions targeting Russian maritime exports* and a broader decline in global oil prices — both of which contributed to reduced purchase volumes and lower unit prices, further amplified by a high base effect from 2024. China purchased 11% less Russian crude in volume terms, while the value of these shipments fell by 24%. This occurred even as the discount on Russian oil widened relative to international benchmarks. Crucially, the reduced flows were not driven by weaker demand overall — sourcing from other suppliers increased by 4.5% year-on-year in physical terms. As a result, Russia's share in China's oil imports dropped to 17.5%, the lowest level in two years.

The sanctions had a chilling effect on shipments of fuel oils as well, while subdued demand and ample domestic refining capacity further reduced China's need for overseas supplies. Meanwhile, the sharp decline in bituminous coal shipments was driven by falling global prices and weakening Chinese demand amid persistent overcapacity in the domestic mining sector and *ongoing efforts to rebalance the energy mix in favour of lower-emission sources*.

Car exports to Russia plunged as a result of Moscow's measures to restrict imports

On China's export side, the $4.3 billion drop was driven largely by a contraction in vehicle shipments. Passenger car exports alone fell by $3.6 billion year-on-year, while exports of tractors and trucks — including dumpers — declined by $1.2 billion and $1.0 billion, respectively. This downturn stemmed from a preceding surge in exports that had flooded the Russian market, leaving distributors with sizeable inventories and, amid weakening demand, reducing the need for fresh deliveries, as well as from Moscow's efforts to push Chinese manufacturers toward local production by imposing protectionist measures. In late 2024, the Russian government sharply raised recycling fees — a mandatory levy on imported vehicles (but not on parts), nominally intended to cover end-of-life disposal costs — by up to 85%. For Chinese exporters, this translated into more than $7,000 per standard passenger car and over $20,000 for larger models, *according to the Rhodium Group report*, effectively wiping out their price advantage and sending a clear signal: Chinese cars remain welcome — but only if they are made in Russia.

As a result, in the first half of 2025, exports of passenger cars from China to Russia plunged by 59% to around 171,000 units. Producers, however, offset losses in the Russian market by expanding elsewhere — global shipments hit a record 2.95 million units in the first half of 2025, up from 2.51 million a year earlier. At the same time, exports of parts to Russia surged; for instance, shipments of passenger car bodies increased fivefold. This points to a shift toward local assembly, combining imported and some domestic components to bypass higher tariffs on fully built vehicles. Several Chinese car brands are now locally produced or assembled in Russia, mainly Haval (Great Wall), Chery models (sold as Xcite Tiggo 7 Pro and Tiggo 8 Pro Max) and JAC models rebadged as Moskvitch. Chinese exports of tractors, trucks (including dumpers), and buses to Russia fell even more sharply than passenger cars: by 86%, 83%, and 64%, respectively. In February 2025, Russian officials suspended sales of one Chinese truck model and publicly criticized three other brands for failing to meet local certification standards.

Weaker trade strains Russia's budget and adds pressure on living standards

These declines were partially offset by gains in other categories. On the import side, China increased its purchases of copper, aluminium, and natural gas. On the export side, the drop was cushioned in part by rising shipments of de minimis parcels — small-value goods exempt from standard import duties and processed under simplified customs procedures — which more than tripled year-on-year.

Nonetheless, the overall contraction in bilateral trade exerted a tangible negative impact on the Russian economy, while having only a marginal effect on China. Falling Chinese demand for Russian raw materials — particularly crude oil — *has intensified fiscal pressure on Moscow* by eroding the tax base tied to energy exports, a key pillar of federal revenues. Lower export volumes and prices, a widening discount on Russian grades, and a stronger ruble are expected to push Russia's oil and gas revenues in 2025 to a level 24% below what the government had assumed in its 2025 budget law. This further strains Russia's ability to

sustain wartime spending, especially since *Russia's economic growth rate has slowed sharply since the beginning of 2025*. Moreover, these trends — together with the increasing denomination of Russia's foreign trade in rubles — have additionally reduced foreign currency inflows.

In parallel, administrative curbs on vehicle imports — alongside restrictions on e-cigarettes and similar products — have further constrained the choice and purchasing power of ordinary Russians. High inflation, tight monetary policy and a deteriorating economic environment are also weighing on demand, reducing imports of consumer goods such as cars and smartphones (-29% year-on-year), with many households choosing to delay major purchases and use existing products for longer.

Despite Moscow imposing even steeper barriers on car imports than those introduced by the EU, Beijing has refrained from retaliatory measures and has made no visible effort to pressure the Kremlin to reverse course. Like many others, Russians fear that their domestic manufacturing sector could be overwhelmed by China's expansion. While there is a strong desire to protect local production, the continued erosion of Russia's non-military industrial base appears increasingly inescapable — especially as the war in Ukraine drags on and isolation from the West persists.

Chinese dual-use exports help sustain Russia's war machine

For now, Chinese manufacturing exports continue to sustain Russia's war machine. By publishing the customs data, Beijing openly discloses that in the first half of 2025, China exported $1.9 billion worth of products to Russia that have been designated by the United States, the European Union, Japan, and the United Kingdom as "high priority" dual-use items — goods with both civilian and military applications that are subject to Western export controls. Despite a year-on-year decline of about 7% in these exports, China has remained Moscow's key source of supply amid the collapse of deliveries from other major partners.

China has reduced exports of several high-priority items, including process units of microprocessors and other apparatus for the transmission or reception of voice, images, or data — two of the three largest categories on the list of 50 items identified by Western governments using six-digit Harmonized System codes. But on the other hand, China substantially increased shipments in several categories — including a fourfold rise in parts for cameras used in surveillance systems and drone optics (HS code: 85299049), a fivefold increase in parts for aerials and radar reflectors (85291010), a doubling of printed circuits (853400), and a fourfold jump in optical aiming and viewing devices for weapons and surveillance, such as rifle scopes, periscopes, and military observation telescopes (90131000).

However, many dual-use items exported to Russia fall outside the 50 "high-priority" categories listed above. In 2023, China sold just under 42 tonnes of manganese ores and concentrates to Russia. A year later, the volume surged to nearly 47,000 tonnes, and in the first half of 2025 alone, it exceeded 126,000 tonnes. Manganese ores and concentrates are

used to produce hardened steel, which is essential for the manufacturing of tanks, armored vehicles, and artillery. Another example are turbojet engines with thrust exceeding 25 kN, likely destined for military aircraft or large combat drones. In the first half of 2025 alone, Chinese exports of these engines to Russia exceeded the total value recorded in both 2023 and 2024 by 37%. The volume of ballistic fibers used in bulletproof vests, helmets, and body armor (e.g. Kevlar) sold to Russia increased by more than 60% year-on-year.

Two further examples underscore growing concerns about data transparency, as both are classified under residual 'not elsewhere specified' (nes) categories — a red flag in the context of exports potentially linked to military applications: 'other spark-ignition engines, nes' (HS code 84079090), and 'time of day recording apparatus, with clock or synchronous motor, nes' (91069000). Exports of the former – a category likely to include *engines used in drones* – rose to $105 million in the first half of 2025, up from $25 million a year earlier. As for the latter, likely to include components for drones as well, export values hovered around $1 million annually as recently as 2023, jumped to $37 million in the first half of 2024, and exceeded $144 million in the first six months of this year. When a device is classified under a broad residual category labeled 'not elsewhere specified' rather than a more specific one, it may suggest that the equipment is specialized or non-standard. In some cases, this can indicate sensitive or military-related use — particularly when technical details are limited or obscured.

Moreover, companies — possibly with the tacit approval of customs authorities — have also engaged in classification fraud, *concealing sensitive goods under misleading labels*. In addition, some *shipments are routed through third countries to disguise their final destination in Russia*. By continuing to publish detailed customs data, Beijing openly signals its disregard for Western trade sanctions against Russia. But the data reveals only what China chooses to make visible — and it remains unclear what volume or categories of trade may lie beyond the published figures.

This analysis is part of the China-Russia Dashboard, a collaborative research effort of the Centre for Eastern Studies (OSW), MERICS, and the Swedish National China Centre (NKK) and Stockholm Centre for Eastern European Studies (SCEEUS) at the Swedish Institute of International Affairs (UI). Explore the project here.