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Russian Coal Exports to China Down 25% in First Half of 2025

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Alexander Kolbasov / TASS

Russia's coal industry is facing its most severe downturn in years as exports to China, its largest and most vital customer, fell sharply in the first half of 2025, signaling deeper trouble for a sector already battered by sanctions and shifting global demand.

Coal shipments to China dropped by 25% between January and June, according to analysts at the state-owned Gazprombank's Center for Economic Forecasting. The slump worsened in the second quarter, with exports tumbling 34% year-over-year between April and June.

The sudden collapse in demand from China, which accounted for roughly half of Russia's coal exports in 2024, has compounded the challenges confronting an industry still reeling from the loss of European markets following Moscow's invasion of Ukraine.

Russia exports about half of the coal it produces, but its foothold in China is weakening. The country's share of Chinese coal imports fell from 23% in 2023 to just 18% last year, as Beijing increasingly turns to other suppliers and domestic consumption patterns shift.

The crisis is now threatening the survival of dozens of Russian coal producers.

Deputy Energy Minister Dmitry Islamov recently warned that 51 of the country's 179 coal enterprises, including 52 underground mines and 127 open-pit operations, are at risk of shutting down.

Related article: Russia's Coal Industry Is Collapsing. Will it Drag the Economy Down With It?

Industry losses reached 112.6 billion rubles (about $1.39 billion) in 2024.

Officials now warn that figure could more than triple to as much as 350 billion rubles ($4.31 billion) by the end of this year, a blow equivalent to the annual budgets of some of Russia's largest regions, according to Dmitry Lopatin, deputy director of the Energy Ministry's Coal Industry Department.

In addition to Western sanctions, which have forced Russian producers to reroute shipments away from Europe, the strength of the ruble has made coal exports less competitive globally.

Rising borrowing costs and expensive overland logistics, including rail and port surcharges, have further eroded profit margins.

Faced with mounting losses and growing political pressure, the Russian government unveiled a 63-billion-ruble ($775 million) relief package on July 25.

The emergency measures include deferred payments on mineral extraction taxes and insurance contributions through the end of November, with officials expecting around 50 coal enterprises to apply for assistance.

Among the beneficiaries are some of Russia's largest coal producers, including Mechel, Vorkutaugol, SDS-Ugol and UK Sila Sibiri. Together, these companies operate 34 mines and open pits, 16 beneficiation plants and 20 metallurgical and auxiliary facilities. They will receive targeted subsidies, debt restructuring support and temporary relief from loan payments.

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