

Oil**Falling Chinese oil imports 'shield' global market from higher prices**

Analysts say near-decade-low shipments are a big factor in crude still trading at less than \$100 a barrel



According to Morgan Stanley estimates, the amount of oil arriving in China by ship in the past 30 days has fallen to 7.5mn barrels per day from about 13mn b/d at this time last year. © CN/STR/AFP/Getty Images

Edward White in Shanghai and **Malcolm Moore** in London

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A steep fall in oil import demand from China is becoming one of the main reasons the world is not suffering a greater energy crisis as the war in the Middle East nears its 100th day, according to traders and analysts.

Oil is trading below \$100 a barrel, despite the loss of one-fifth of the world's supply for over three months and predictions that the market will soon hit a tipping point [as stockpiles are exhausted](#).

Tom Baker, a senior executive at oil trader Vitol, said China's dramatic slowing of its crude purchases in recent weeks, with demand falling by 4-5mn barrels a day, had helped cushion the loss of 12mn b/d of supply from the Gulf.

"China's low imports have shielded the rest of the oil market," said Martijn Rats, chief commodity strategist at Morgan Stanley in London.

According to Morgan Stanley estimates, the amount of oil arriving in China by ship in the past 30 days has fallen to 7.5mn b/d from about 13mn b/d at this time last year.

S&P Global Energy data shows China's total crude oil imports in April fell by more than 2mn b/d from their 2025 average, to 9.4mn b/d. The research group estimates a further decline to about 8mn b/d for May, with imports down 3mn b/d in the second quarter of this year compared with the same period in 2025.

While most China oil analysts see the same trend of sharply declining imports, there are a range of estimates, with Kpler saying seaborne imports hit 6.4mn b/d in May, from 8.1mn b/d in April and 10.1mn b/d in March.

China's seaborne crude imports fell to a near-decade low last month ...

Seaborne crude imports (mn barrels per day)

... with imports from Russia down 45% from February levels

Seaborne crude imports (mn barrels per day), by partner

Feb 2026 May 2026

FINANCIAL TIMES

Source: Kpl

Hu Min Min, lead analyst for China crude oil fuels and refining at S&P Global Energy, said China's declining oil imports had emerged as a "critical variable reshaping global oil market dynamics".

The reasons for the sudden drop in Chinese buying are unclear. Beijing has not openly discussed its oil trading strategy. Most analysts believe Beijing has decided to start using stockpiles of oil it had spent the past year accumulating when oil prices were low. But there is a lack of data on Chinese inventories.

"China is this black hole that no one can quite figure out," said Baker at an S&P Middle East Petroleum and Gas conference in London this week. "We don't really have a good view on their inventories."

Hu, who is based in Beijing, said China's "calculated response" to the Iran crisis had included forcing refiners to cut production rates, often under guise of maintenance, while also directing a switch from inventory accumulation to destocking.

S&P forecasts that China will draw down on commercial inventories at a rate of about 700,000 to 800,000 b/d through the third quarter.

China's decision to hit pause on its own exports of jet fuel and diesel has also softened import demand. S&P data showed Chinese refined oil exports in April were at a near-decade low of 300,000 barrels a day in April, about 65 per cent lower than a year earlier.

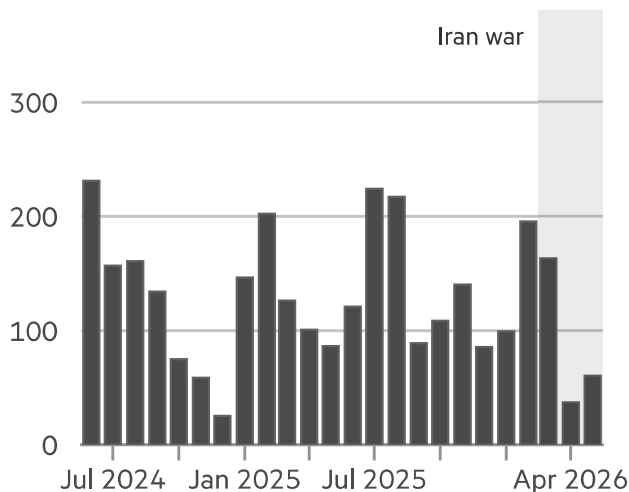
"China's entire energy posture in response to the Iran war comes down to one word: security," said Ye Lin, an Asia oil market analyst at Rystad Energy, noting that there was still "no clear off-ramp" for the conflict.

The curbs on oil product exports have drawn sharp criticism from trading partners who have relied on China for supplies. While Beijing has so far rejected calls from state-owned refiners to allow them to ship such fuels — and take advantage of their high prices — the government has instead delivered some cargoes as aid, an apparent form of petro-diplomacy.

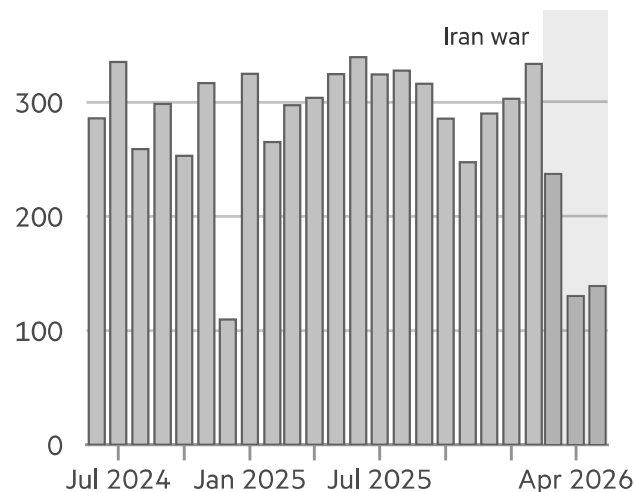
China has cut diesel and jet fuel exports since the Iran war began

Export volume (thousand barrels per day), by product

Diesel and gas oil



Jet fuel and kerosene



FINANCIAL TIMES

Source: Kpl

Analysts have also noted a large disparity between the drop in crude imports and domestic demand. Oil demand in China is only expected to decline by about 1.5mn b/d year on year in the second quarter.

The modest decline in demand can be in part attributed to China's weaker economic growth, dampened by property market woes and persistently weak consumer and business confidence.

Rystad's Ye also pointed to a structural shift from oil to electricity.

Investments in electric vehicles, electrified rail and renewable power generation had provided a "strategic buffer" to help China navigate the crisis with "far less pain" than its dependence on oil imports would suggest, she said.

But Vitol's Baker cautioned that low Chinese crude imports would not continue indefinitely.

"At some point, when they need those barrels, the price needs to go higher and the only solver is to kill demand," Baker said.

Even Pay, director at strategic advisory group Trivium China, said it was not clear how much weight Beijing had been putting on the global impact of its approach to the oil market.

“Officials and diplomats consistently describe China’s large grain stockpiles as a tool that enables China to avoid buying into global food price spikes, effectively supporting global food security by addressing its own massive demand in full,” she said.

“To my knowledge, this line of argument hasn’t been explicitly extended to other commodities by Chinese officials, who overwhelmingly justify large oil reserves on domestic energy and economic security grounds.”

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