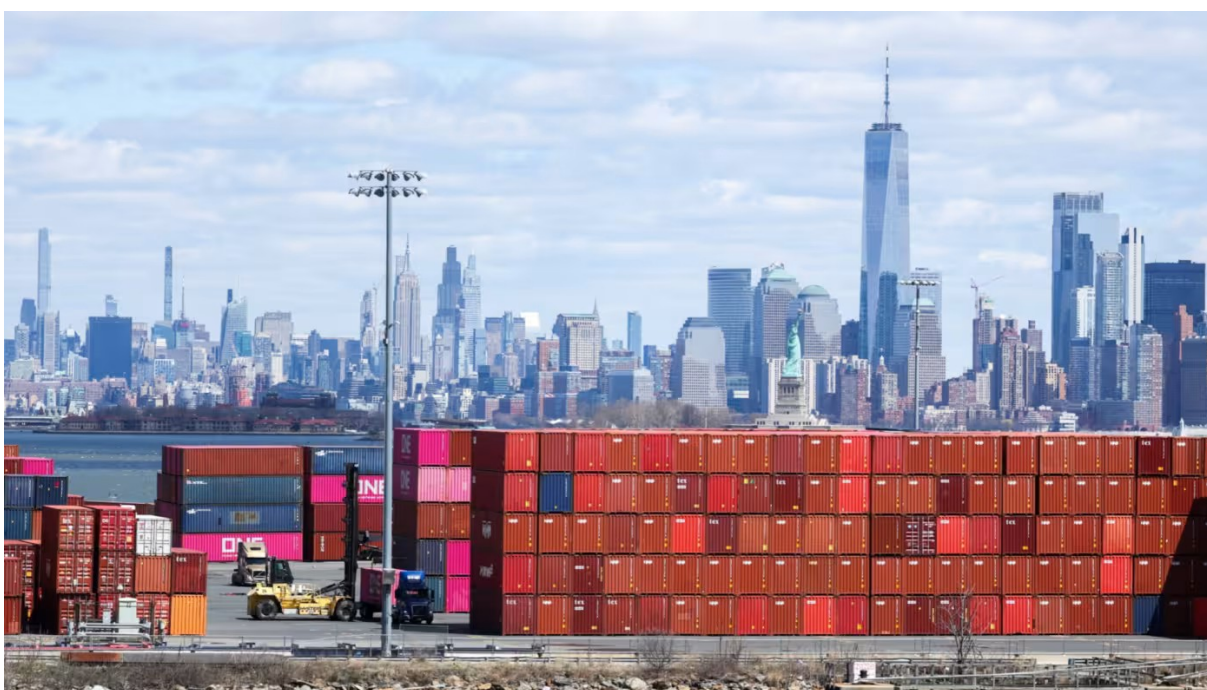


US-China trade dispute

China accuses US of 'seriously violating' trade truce and vows to respond

Beijing promises to take strong measures to defend its interests



US officials have grown frustrated with the slow pace of rare earth exports from China since the May 12 agreement
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Eleanor Olcott, Joe Leahy and **Ryan McMorrow** in Beijing and Edward White in Shanghai

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China has accused the US of “seriously violating” a trade truce between the two powers and vowed to take strong measures to defend its interests as tensions reignited over the supply of critical minerals.

China and the US agreed during talks in Geneva in early May to a deal that would temporarily reduce their tit-for-tat tariffs, which had soared as high as 145 per cent, and that Washington believed would restart the flow of critical rare earths and related magnets to the US.

President Donald Trump on Friday claimed that [Beijing had “totally violated” the agreement](#), as US officials grew increasingly frustrated with the slow pace of rare earth exports from China since the May 12 agreement.

But on Monday, China’s commerce ministry said it had upheld the deal and accused Washington of introducing “a series of discriminatory and restrictive measures” in

recent weeks that undermined the Geneva consensus and harmed “China’s legitimate rights and interests”.

“If the US insists on going its own way and continues to harm China’s interests, China will continue to take strong and resolute measures to safeguard its legitimate rights,” the ministry said.

Among the US actions cited in the statement were warnings against the use of Huawei chips globally, a halt to sales of chip design software to Chinese companies, and the cancellation of [visas for Chinese students](#).

US officials, for their part, believed the May 12 deal would unwind the export restrictions on rare earths Beijing unveiled in early April, and grew increasingly frustrated by the slow pace of approvals.

People briefed on the matter said the US had privately raised the issue several times with Chinese officials since the Geneva deal and warned Beijing that it was an issue of highest concern in Washington, with Trump following it closely.

This spurred China to hasten the issuance of licences for some US-bound rare earth shipments, according to one person familiar with the Chinese government’s thinking, citing bureaucratic reasons for the delays. The person said they believed this issuance had averted a full breakdown in the trade truce.

While China had approved nearly a dozen rare earth shipments to the US, dozens more applications were in limbo, according to a person close to the US.

“The fact that they are withholding some of the products that they agreed to release during our agreement, maybe it’s a glitch in the Chinese system, maybe it’s intentional, we’ll see after the president speaks with the party chairman,” said Treasury secretary Scott Bessent in an interview on CBS on Sunday.

“What China is doing is they are holding back products that are essential for the industrial supply chains of India, of Europe, and that is not what a reliable partner

does,” he said.

Still, Bessent said he was confident Trump and Xi would be able to iron out differences over rare earths in an upcoming phone call, which some White House officials suggested could take place this week.

China’s foreign ministry did not immediately respond to questions regarding a call. US officials have floated a Trump-Xi call several times without it coming to fruition.

Michael Hart, AmCham China president, noted that, while rare earth export applications for US companies were moving slowly, Chinese suppliers had last week received approval to ship rare earths to several American automakers.

“It’s a new process China is working through,” he said. “We have heard there are only a handful of officials reviewing thousands of applications.”

The rise in [US-China tensions](#) sent Asian markets lower. Hong Kong’s Hang Seng index fell 0.8 per cent while Japan’s Nikkei 225 fell 1.3 per cent. The offshore renminbi weakened 0.1 per cent to 7.21 a dollar. Stock markets in mainland China were closed for a public holiday.

Additional reporting by Arjun Neil Alim

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