

Rare earths

China unveils sweeping rare-earth export controls to protect ‘national security’

Rules come ahead of expected meeting this month between Donald Trump and Xi Jinping



The new export rules tighten access to Chinese-sourced rare earths and technologies © Florence Lo/Reuters

Ryan McMorrow in Beijing

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China has unveiled sweeping export controls on rare earths and related technologies, as Beijing strengthens its leverage over critical minerals ahead of an expected meeting this month between US President Donald Trump and Xi Jinping.

Under the new rules, foreign companies will need Beijing's approval to export magnets that contain even trace amounts of Chinese-sourced [rare earth](#) materials, or that were produced using the country's extraction methods, refining or magnet-making technology.

The restrictions announced on Thursday by China's commerce ministry will for the first time create a Chinese version of the US [foreign direct product rule](#), a measure Washington has used to block semiconductor-related exports to China from third countries.

Source:

The rules give Beijing more leverage to exert control over the global rare-earth supply chain. Rare earth minerals and magnets are critical to technologies from smartphones to [electric vehicles](#) and fighter jets.

Beijing first introduced rare-earth export restrictions in April in retaliation for tariffs imposed by the Trump administration. The move helped push Washington to the negotiating table, as the shortage of Chinese rare earths began to hit production in the US auto supply chain.

Since then, US shortages of the minerals have featured in several rounds of trade talks between the two countries. China's latest controls come as Xi prepares to meet Trump in Seoul, South Korea, this month.

"The timing of this is new policy is strategic," said Gracelin Baskaran, a critical minerals expert at the Center for Strategic and International Studies. "China just put some new negotiation pawns on the table."

China controls about 70 per cent of rare earth mining, 90 per cent of separation and processing, and 93 per cent of magnet manufacturing, according to a Financial Times analysis.

China's commerce ministry said the new measures were intended to "protect its national security and interests" and prevent the "misuse of rare earth materials in military and other sensitive sectors".

The ministry added that some overseas companies had significantly harmed China's security by transferring Chinese-origin rare earth materials and technology to others for military use.

The new licensing regime will cover foreign-made rare earth magnets and certain semiconductor materials that by value contain at least 0.1 per cent Chinese-origin heavy rare earths.

The ministry said the rules would be phased in from December 1 with most export

licences for military users to be denied. It said exports to manufacturers of semiconductors and related equipment would be examined on a case-by-case basis.

Dai Menghao, a trade compliance partner at law firm King & Wood Mallesons, said China had put in place rules which closely mirror the US export-control regime.

“It’s a systematic, comprehensive response to the US,” Dai said, noting it would take China some time to build up the enforcement mechanisms to fully match the US.

The news buoyed shares in China’s large state-owned rare earth groups. China Northern Rare Earth’s shares rose more than 7 per cent in Shanghai while Rising Nonferrous Metals Share stocks were up by more than 4 per cent.

China’s expanding rare earth controls have forced Washington to roll out significant state support for American rare earth miners and magnet makers in attempt to break Beijing’s chokehold. The G7 group of advanced economies is also exploring how to build up a non-China supply chain.

“The new directive is a clear effort to hinder development of industrial base capabilities in the United States and its allies,” said Baskaran.

She added that Beijing’s new policy was also trying to halt “any leakage of technical capabilities” from Chinese companies working with foreign counterparts.

Wenjie Ding contributed reporting from Beijing.

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