

US-China trade dispute

China restricts trading with some US rare earth companies

Beijing introduces more export controls in retaliation for Washington's 'wrongful' actions



MP Materials' rare-earth open-pit mine in California. China has restricted trading with the US company © Reuters

Edward White in Shanghai

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China has restricted trading with several American companies, in a retaliatory move that targets some groups central to US attempts to build a rare earth supply chain to rival Beijing's.

USA Rare Earth and MP Materials, as well as high-tech motor manufacturer Aveox, were among the 10 American companies added to [China's](#) "entities list", according to a statement issued by the commerce ministry in Beijing on Monday.

The commerce ministry said the move was in response to the “wrongful” addition of Chinese entities to Washington’s ‘Chinese Military Companies List’ while also safeguarding China’s “national security and interests”.

The finance ministry in Beijing said in a statement that Chinese companies were barred from purchasing products from a further 46 US defence companies.

Beijing’s tit-for-tat measures came less than two weeks after the Pentagon reinstated ecommerce giant Alibaba, search and AI group Baidu and electric vehicle and battery producer BYD to a blacklist of Chinese companies deemed to pose a national security risk to the US because of alleged connections to the People’s Liberation Army. The Chinese companies denied having military ties.

US President Donald Trump and his Chinese counterpart Xi Jinping met in Beijing last month and agreed to work towards a “constructive relationship of strategic stability”. They are expected to meet again in September ahead of the expiry of a truce in their trade war in November.

The latest Chinese export controls appeared “measured and symbolic”, said one American executive in China, who asked not to be named. US companies in sensitive areas such as defence technology are almost entirely prohibited from Chinese government and military contracts.

However, China’s decision to expand its entities list illustrates Beijing’s willingness to weaponise trade.

Beijing’s use of export controls on rare earths to hit back at Trump’s sweeping “liberation day” tariffs last year helped shift the balance of power in trade talks to China’s favour. Since then, the US has stepped up efforts to develop its own supply chain for rare earths.

According to a report issued by the EU Chamber of Commerce in China in April, Beijing has nearly tripled its use of export controls in the past five years. While some of the measures are in direct response to western actions against China, the researchers noted that Beijing’s measures have also targeted trade choke points.

The US embassy in Beijing did not immediately respond to a request for comment.

Additional reporting by Nian Liu in Shanghai and Demetri Sevastopulo in Washington

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