

THE SELECT COMMITTEE ON THE STRATEGIC COMPETITION BETWEEN THE UNITED STATES AND THE CHINESE COMMUNIST PARTY

Predatory Pricing

How the Chinese Communist
Party Manipulates Global Mineral
Prices To Maintain Its Dominance



EXECUTIVE SUMMARY

Given the dire implications of the People's Republic of China's (PRC's) unprecedented restrictions on critical minerals exports and recent establishment of a comprehensive rare earths export control regime, the Select Committee sought to better understand PRC's stranglehold on mining and refining capabilities. As described in this report, the PRC government, under the Chinese Communist Party (CCP), has engaged in a coordinated, decades-long scheme to control different critical minerals and bend the global market to their will. The PRC's domination of critical minerals stems from its view of minerals in geostrategic terms, not as typical market commodities. Former PRC paramount leader Deng Xiaoping captured the PRC's strategic view of rare earths with the 1992 quote "There is oil in the Middle East, there is rare earth in China."¹

This approach boils down to a difference between the perspectives that each society holds on commerce. The United States has a long tradition of allowing businesses to compete in the marketplace largely free from government direction. The PRC does not. The United States desires a world where minerals are an economic resource addressed by businesses in the marketplace and local communities where these resources are extracted. The PRC does not. The United States believes in fair competition between companies. The PRC does not.

On October 9, 2025, the PRC Ministry of Commerce [中华人民共和国商务部] issued a global export licensing regime for rare earth items.² That step did not happen overnight — it was the culmination of policies, investments, and maneuvers built over decades. By asserting direct control over the entire rare-earth value chain anywhere in the world that contains even a small amount of PRC rare earths, the world bore witness to Xi Jinping, the CCP's General Secretary, actualizing Deng's vision and putting those words into action. In turn, the CCP's decision to place global supply chains in grave peril must serve as our own American call to action.

Before discussing the PRC's role in critical minerals, we wanted to confirm the terminology we will use in this report. The term "critical minerals" refers to those minerals identified by the United States Geological Survey as those minerals essential to the economy and national security of the United States and have supply chains vulnerable to disruption.³ These minerals include elements identified as rare earth elements, but rare earth elements are not the same as critical minerals. For purposes of this report, rare earth elements include the elements identified as being a part of that group.

In producing this report, the Select Committee investigated the CCP's commodity market manipulation in minerals critical to the American economy and our national security. After reviewing Chinese language reports, news articles, and government documents, the Select Committee determined that the

PRC does not adhere to the global norms on market access to critical minerals. While the Select Committee cannot compel the CCP to cease its market manipulation, we can shed light on it and make the CCP answer for its conduct. Our investigation into critical minerals is ongoing, but we make the following interim findings:

Finding 1: The PRC government subsidizes its state mining champions with tens of billions of dollars including zero-interest-rate loans to support its global acquisition of mining assets. One analysis shows the PRC government provided roughly \$57 billion of aid and subsidized credit for minerals projects around the world. Combined with this massive investment in supply, the PRC represents the largest consumer of minerals, making U.S. and allied price discovery nearly impossible.

Finding 2: The PRC legal framework governing mineral price reporting gives Beijing the ability to raise and lower prices to favor its economic and national security interests. This legal framework effectively makes it illegal to publish prices that deviate from the PRC government's wishes.

Finding 3: PRC law effectively prohibits "objective" price reporting by Price Reporting Agencies and international exchanges, including the "London" Metals Exchange. PRC law makes it illegal to "manipulate" a price index, but when the government decides what constitutes "manipulation," prices must follow government direction. The reach of the PRC's market information providers and clout of its refiners means this government intervention ripples through global markets.

Finding 4: The PRC government has aggressively expanded its international footprint for Price Reporting Agencies, which propagate the PRC's manipulated prices. As the information center of gravity shifts to the PRC, U.S. and allied market participants will be discouraged from making investments because prices will reflect the PRC government's will, not fundamental economic forces.

Finding 5: The PRC government maintains a chokehold over midstream refining relying at least partially on subsidies. While the PRC cannot control where mineral deposits are located, it can control where resources are refined.

Finding 6: The PRC developed a set of tools to control domestic mineral prices. These tools included intimidating domestic producers into ensuring that prices went the direction the government wanted. These tools would prove critical to controlling critical mineral prices.

Finding 7: The PRC government engaged in a decades-long strategy to dominate the rare earth supply chain. This strategy involved luring in mostly western companies to collaborate with PRC companies, then selling products

significantly below existing market participants' prices to put competition out of business. Finally, after establishing its dominance, the PRC wielded this market clout as a geopolitical weapon.

Finding 8: PRC rare earth exchanges are inherently untrustworthy because they are controlled by state-owned rare earth producers. For example, China Northern Rare Earths is the largest shareholder of the new Baotou Rare Exchange, while also participating in the rare earths marketplace.

Finding 9: Beginning in March 2022, the PRC government engaged in a whole-of-government effort to manipulate rare earth prices. The PRC government held two meetings, and the price of rare earths fell immediately following these meetings. This aligns with the PRC's goal of keeping rare earth prices low to ensure western participants do not enter the market.

Finding 10: The PRC engaged in a whole-of-government effort to dominate global lithium production. Each time the PRC government indicated lithium's importance, PRC mining firms increased their acquisition of lithium assets. This acquisition spree means PRC miners are expected to continue dominating lithium production through 2030.

Finding 11: The PRC maintains ownership or control in four of the top five lithium mines projected to drive global lithium supply. The PRC also engaged in acquisition of upstream lithium assets to ensure continued control over the supply chain.

Finding 12: Starting in 2021, the PRC government engaged in a coordinated effort to artificially depress global lithium prices that had the effect of preventing the emergence of an America-focused supply chain. Each time lithium prices rose, the PRC government took action to bring lithium prices back down.

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BACKGROUND

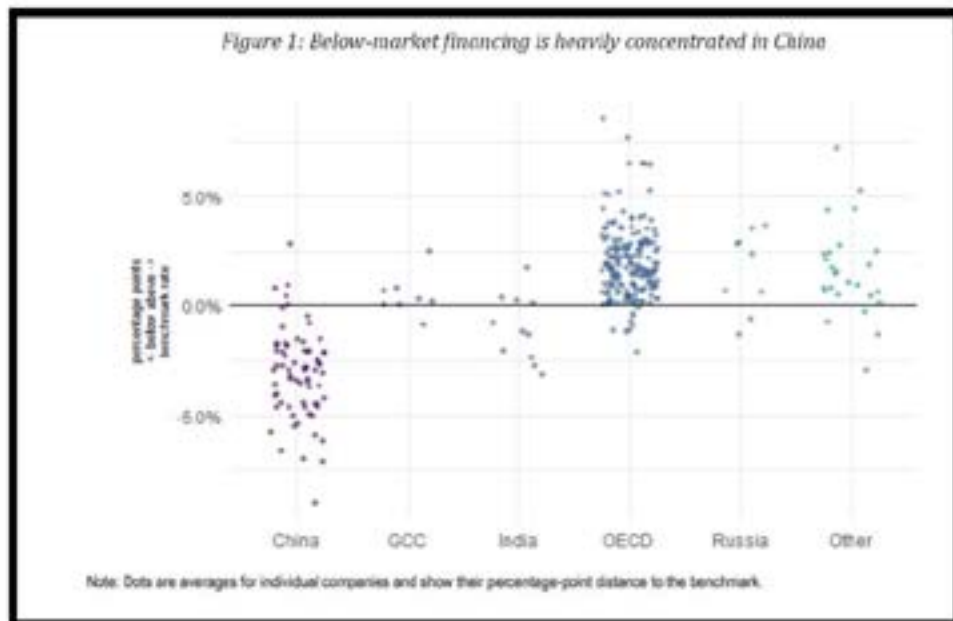
Three major policies affect Chinese mineral strategy. First, the “going out” [走出去] strategy, initially announced in 1979, highlighted the PRC’s focus on investment abroad, and laid the groundwork for global minerals development.⁴ The National Development and Reform Commission (NDRC) followed up on this with the National Mineral Resources Plan developed as part of the 13th five-year plan.⁵ This plan included a list of minerals deemed strategic [战略性矿产目录], which included in part coal and lithium.⁶ These rules also called for the development of “orderly competition” [竞争有序], a subtle allusion to CCP control over the mining sector.⁷ This guidance trickled down to mining companies,⁸ who modeled their corporate strategy based on government guidance. This situation highlights the level of control the CCP maintains over the mining sector because it is deemed critical and thus subject to substantial government control.

Now, the CCP is making such control even more explicit. In October 2025, the PRC announced a new round of restrictions, which given their unprecedented scope, intensify the CCP’s control over critical raw materials essential for global tech and defense industries. The restrictions focused not just on key rare earth elements that are crucial for manufacturing high-performance magnets used in products that we all depend on – both for our national security and our everyday lives – but even products that merely contain these elements. They also included export restrictions on certain items that include lithium and graphite anode materials.⁹ This profoundly troubling development cannot be fully understood without the context of the CCP’s broader strategy to leverage its dominance in the critical minerals sector.

Finding 1: The PRC Government Subsidizes Its State Mining Champions With Tens of Billions of Dollars Including Zero Interest Rate Loans to Support Their Global Acquisition of Mining Assets.

PRC firms engaged in a global buying spree for mines to tighten their grip on upstream assets¹⁰ through massive state subsidized financing. The PRC government’s purse turbocharged these purchases, with one analysis showing **the Chinese government provided roughly \$57 billion of aid and subsidized credit for mineral** projects in countries around the world.¹¹ An analysis by the U.S. Export/Import Bank of the United States (EXIM) showed PRC state lenders were making loans to PRC miners at **zero or negative interest rates** for certain minerals.¹² EXIM’s analysis shows that the PRC engages in substantial below-market financing, while Organization for Economic Cooperation and Development (OECD) countries predominantly engage in market financing (see chart below).

Figure 1: Below-market financing is heavily concentrated in China



This wealth of state-backed investment strongly suggests two things. First, it suggests that the PRC's mineral strategy is not just an exercise in seeking to turn a profit but instead gives the PRC government substantial leverage over other countries and industries. Second, it suggests that control over critical minerals provides substantial benefits to downstream industries.¹³ According to the SAFE Center for Critical Minerals Strategy, access to low-cost materials can benefit downstream industries up to ten times the amount invested in building the overcapacity.¹⁴ The PRC's critical minerals market power stems from the PRC also being one of the largest consumers that can in turn obscure true market conditions through control of price discovery mechanisms and trade flows.¹⁵ With the power of both supply and demand, the PRC can act as a swing producer when prices rise, then rig price discovery when they fall so market participants never see the true market price. This market condition enables the PRC to wield these minerals as tools of geopolitical power. The PRC government drove home this point when it restricted the export of rare earth minerals to the United States, putting thousands of American jobs at risk.¹⁶ This reality was further reinforced by the PRC's imposition of a global export control regime over rare earths and even products that merely contain rare earths in October 2025.

Persistently low prices divorced from economic reality discourage new exploration and production by U.S. and allied firms because, unlike their Chinese competitors, U.S. and allied firms must produce shareholder value. This exploration and production would create an alternative to the PRC-dominated order, which is why the PRC takes steps to prevent the growth of a U.S. and allied alternative by buying potential sources of new production. When PRC firms cannot buy the source, this report highlights how China will flood the market to artificially depress the price and make the new venture economically unviable.

The Select Committee spoke with multiple mining and refining companies that said the uncertainty about prices hurt their ability to obtain private funding and advance American projects. One U.S. lithium producer specifically identified the suppressed price levels as driving the downsizing of its American operations.¹⁷

Finding 2: The PRC Legal Framework Governing Mineral Price Reporting Gives Beijing the Ability to Raise and Lower Prices to Favor Its Economic and National Security Interests.

PRC law effectively prohibits “objective” price reporting on PRC exchanges. This includes the London Metals Exchange, which is owned by the Hong Kong Exchanges & Clearing.¹⁸ It is reasonable to presume this is deliberate and orchestrated by the PRC government. Several different PRC legal authorities ensure Chinese price providers do not deviate from the CCP mandate.

First, the 1998 Pricing Law was promulgated in December 1997.¹⁹ This law retained the existing three-tier pricing structure from the 1987 pricing regulations.²⁰ The three tiers are:

- (1) market-determined prices,
- (2) government-guided prices, and
- (3) government-set prices.²¹

At the time, market-determined prices applied to more than 95 percent of commodities and services available in China.²²

The law also required that for government-guided prices, commodity producers must set prices within the prescribed floating boundaries.²³ Relevant to commodities markets, 1998 Price Law Section 14 makes it illegal to “fabricate and spread information about price hikes.”²⁴ That same section also makes it illegal to make “exorbitant profits in violation of the provisions of laws or regulations.”²⁵ Read together, these laws apply structural downward pressure on prices. If Beijing wants prices to remain low, it can accuse any commodity producers of “fabricating and spreading information about price hikes” when they charge or discuss prices above the government-preferred prices. Similarly, after the sale is made, producers could be accused of making “exorbitant profits.” These laws mean that Chinese producers would be reluctant to publish prices above those the government presses for.

Finding 3: PRC Law Effectively Prohibits “Objective” Price Reporting on International Exchanges, Including the “London” Metals Exchange.

The PRC government also implemented a pricing regulation targeted towards price indices, constraining their ability to independently report prices. In 2024, the PRC’s National Development and Reform Commission²⁶ published a regulation on price index behaviors of important commodities and services.²⁷ Section 19 of this regulation makes it illegal to “manipulate” a price index, and Section 23 gives

the government unfettered access to a pricing index's underlying information and sources.²⁸

These regulations interfere with an index's ability to objectively report prices. Were an index to report prices outside the government's preferred pricing, the PRC government could accuse the index of "manipulating" the price and pursue legal action against the index. Moreover, the PRC can access an index's source through the pricing regulation. As a result, sources would be chilled from reporting the true price out of step with the PRC government because the government can obtain an index provider's sources and then accuse them of "manipulating" a price index.

The impact of these regulations would normally be limited to China's borders. However, the reach of the PRC's market information providers, exchanges, and clout of its refiners means this government intervention in pricing carries a global impact. The Hong Kong Exchanges and Clearing Limited (HKEC) acquired the London Metal Exchange (LME) in 2012 for \$2.2 billion.²⁹ The LME advertises itself as showing prices that "properly reflect global supply and demand."³⁰ However, with the PRC government looking over HKEC's shoulder, it is difficult to determine whether the prices it publishes accurately reflect global supply and demand. Further, the LME's own information also shows that LME licenses its data to other information providers, all of which propagate these questionable prices.³¹

Finding 4: The PRC Government Aggressively Expanded Its International Footprint for Price Reporting Agencies and Exchanges, Which Propagate the PRC's Manipulated Prices.

Price Reporting Agencies (PRAs) play an important role in the minerals value chain. PRAs are supposed to provide an objective and standardized measure of current market prices, enabling industry participants to make informed investment decisions. These signals help industry participants determine when and how much to invest. Unfortunately, China's weight in the PRA industry allows it to further propagate its illusory prices to global markets. Shanghai Metals Market (SMM) operates as one of the largest Chinese PRAs.³² In a visit by Secretary of the Municipal Party Committee of Shanghai Chen Jining, Secretary Chen called on SMM to increase its international presence,³³ highlighting the importance the CCP places on its PRAs' international reach.

Commodity exchanges provide another avenue for spreading pricing information to market participants. The LME operates as an exchange under CCP control. Merchants established the LME around 1877 above a hat shop in London,³⁴ which ultimately grew to become one of the premier metals pricing institutions.³⁵ The Hong Kong Exchanges and Clearing Limited (HKEC) acquired the LME in 2012 for \$2.2 billion.³⁶ The chairman of HKEC stated at the time the LME acquisition sought to further China's 12th five-year plan and allow HKEC to

become a “international bourse operator,”³⁷ which is a corporation that manages or owns multiple financial markets in different countries.

This acquisition set the stage for China’s long-term plan to control metals pricing across the globe. The acquisition moved the CCP’s objectives forward on multiple fronts, first by increasing the power of Chinese exchanges, then subsidizing and increasing the infrastructure associated with bulk commodity trading.

The LME acquisition is another example of the PRC government’s seemingly premeditated strategy of shifting control of commodity trading information to the PRC. The Shanghai Futures Exchange (ShFE) operates as another of China’s premier commodities exchanges.³⁸ Warehousing of metals represented one of ShFE’s primary weak points and this capability is required to become “a real price people want to use.”³⁹ In 2025, Reuters uncovered a plan to link offshore warehouses in Singapore to the ShFE.⁴⁰ This reporting noted that ShFE linked these warehouses in furtherance of PRC government policy,⁴¹ showing the government’s support of these exchanges. Linking these Singapore warehouses comes as part of the PRC government’s plan to shift the center of commodities trading to China. A Bloomberg investigation found that local governments in the PRC from Shandong to Zhejiang province offer trading firms incentives to register their trades in the respective regions to boost economic data.⁴² Subsidizing firms to register trades in the region cements the CCP’s hold because the increased trade volume enables Chinese PRAs and exchanges to market themselves as more reflective of market conditions.

The PRC government subsidizes more than just the trades themselves. To further support this network of trading, the Chinese government lavished subsidies in Zhejiang province on a series of bulk commodity storage and transportation infrastructure such as oil terminals in Zhejiang Province.⁴³ One Chinese city offered a one-time “settlement” payment of 5 million yuan (roughly \$690,000) for certain companies that moved operations there and met other operational criteria.⁴⁴ This infrastructure subsidizes commodities firms to establish China-based operations and seeks to Hoover up commodity data,⁴⁵ which further shifts the market’s center of gravity to the PRC. Viewed in its totality, this evidence reveals a seemingly premeditated strategy to shift commodity infrastructure and information systems to China and strengthen the CCP’s grip on the commodity markets.

One example of this is detailed in regulatory filings in a 2025 case where UK regulators fined the LME for acting improperly related to the nickel trades in 2021.⁴⁶ In 2022, the LME had cancelled nickel contract trading to ensure that the PRC-based Tsingshan Holding Group would not owe more than \$10 billion, which likely would have bankrupted the company.⁴⁷ The statement of facts highlighted that the LME relies on trading controls in Hong Kong⁴⁸ and raises significant questions about Beijing’s influence at the firm. The situation evolved in the

following way: In 2022, LME nickel prices started to rapidly appreciate due to rapid buying behavior by PRC-based Tsingshan Group to cover its short position.⁴⁹ Tsingshan Group bet that nickel prices would fall, and at its height Tsingshan's position covered about one eighth of all outstanding nickel contracts on the LME.⁵⁰ When prices swiftly appreciated, this price movement threatened to bankrupt Tsingshan Group,⁵¹ but the LME conveniently exercised its authority to cancel these contracts. According to Reuters, the LME intervened in two available instances in its 145-year-old history.⁵² The first was when a rogue trader tried to corner the market for copper in the 1990s and the second was when the LME stopped trading tin for five years in 1980s.⁵³

This situation illustrates the effect of PRC ownership of commodities exchanges. When trades go the wrong way for PRC-connected companies, it appears that those companies receive preferential treatment. However, overall, it highlights the need for a U.S. and allied supply chain that can provide reliable prices signals, operate under market principles, and ensure a steady flow of commodities. Given the scale and scope of Chinese government intervention, the situation calls for U.S. Government intervention to balance out the deliberate distortions of the PRC government.

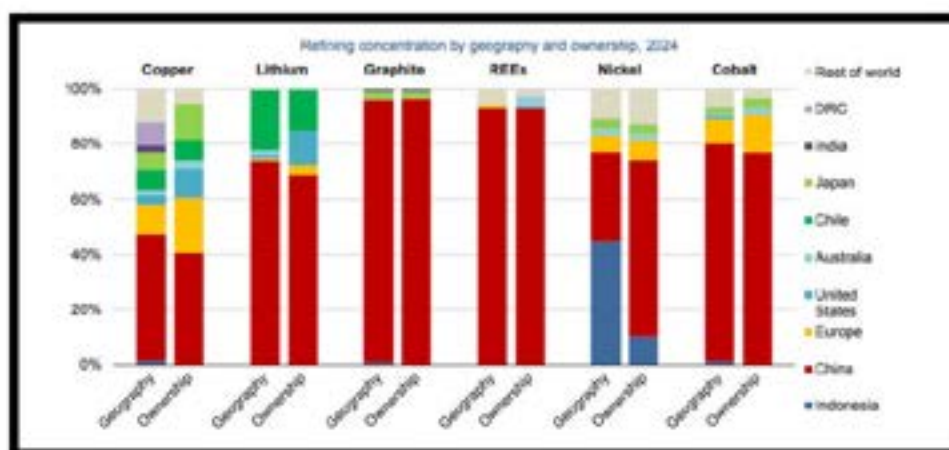
The purpose of PRAs, indexes, and exchanges should be to promote transparency, not the interests of the CCP.

CHINESE REFINING: MAINTAINING A CHOKEPOINT ON GLOBAL SUPPLY CHAINS

Finding 5: The PRC Government Maintains a Chokehold over Midstream Refining Relying at Least Partially on Subsidies.

Price indices are not the only way the PRC exerts influence on critical mineral prices. The PRC established a dominance on midstream refining that translates into an ability to influence market prices. Midstream refining bridges raw mineral extraction with end-use manufacturing by processing, purifying, and converting extracted raw materials into high-purity minerals for conversion into advanced technology.⁵⁴ **While the PRC cannot control where mineral deposits are located, it can control where they are refined.** This geographical flexibility likely explains why the PRC chose to dominate this step in the value chain. Unconstrained by geography, China can build substantial midstream capacity and exercise outsized control over downstream players in the minerals value chain.

In the lithium market, one estimate found that PRC companies control two-thirds of the world's lithium processing capacity.⁵⁵ The International Energy Agency's (IEA's) analysis reproduced below showed CCP domination of refining capabilities for key critical minerals.⁵⁶



PRC domination of refining capabilities allows it to act as a swing producer to ramp up production when prices increase. By dominating refining capabilities, the PRC controls how much can be processed into finished materials, how much finished materials are released onto global markets, and where those minerals can be exported. For ease of reference, this report refers to the “feedstock” as the input for a refinery and “offtake” as the output.

The PRC obtained its dominance of midstream refining through subsidies aimed at creating midstream refining capabilities. For example, the PRC central government established a subsidy scheme that offers different subsidies for rare earth separation and smelting focused on increasing volume,⁵⁷ but many of these subsidies were implemented by local governments. For example, the Liaoning provincial government put out a subsidy scheme for “industrial projects,” including up to ¥10 million per project.⁵⁸ Then the City of Shenyang, within Liaoning Province, proposed a subsidy scheme for the “new materials industry.”⁵⁹ Overall, these provincial subsidy schemes add substantial refining capacity, giving the PRC control over this link in the value chain.

Two cases below highlight the twin levers of PRC government pressure combined with market intervention in setting commodity prices and then how the PRAs and exchanges propagate these manipulated prices. The first shows PRC government intervention in the coal market to highlight the vulnerability of indices to PRC government manipulation. The second study about lithium shows the twin levers of government: fiat and supply-side intervention. The third and final case study addresses rare earth elements and shows how China gained and maintained its dominance in the industry.

CASE STUDY 1: COAL

Finding 6: The PRC Developed a Set of Tools to Control Domestic Mineral Prices.

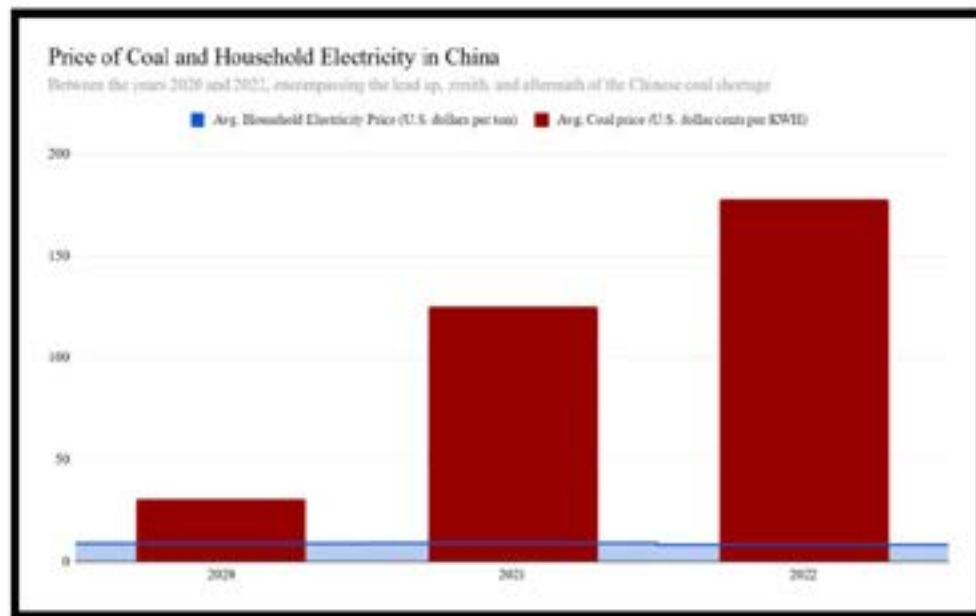
The coal case study illustrates the PRC government's playbook for controlling commodity prices. It provides a vivid example of the PRC government directly intervening in markets when the prices moved against the PRC's wishes. Coal is a sedimentary deposit, composed predominantly of carbon, that is readily combustible.⁶⁰ Coal is broadly divided into two types. Thermal coal, also called steaming coal, refers to coal burned for steam to run turbines that generate electricity.⁶¹ Metallurgical coal refers to coal used in the process of creating coke, which is necessary for iron and steelmaking.⁶²

In the immediate aftermath of COVID-19, as industrial outputs slowed, demand for electricity in the PRC significantly declined. In 2019, approximately 57% of PRC electricity production depended on coal.⁶³ In 2019 and 2020, coal slumped from its 2018 price peaks amid soft demand and Chinese action to phase out coal usage for power generation. By the second quarter of 2020, the combination of these factors led the price for immediate delivery of thermal coal to drop 50% over 18 months to just \$50 (US) per ton.⁶⁴

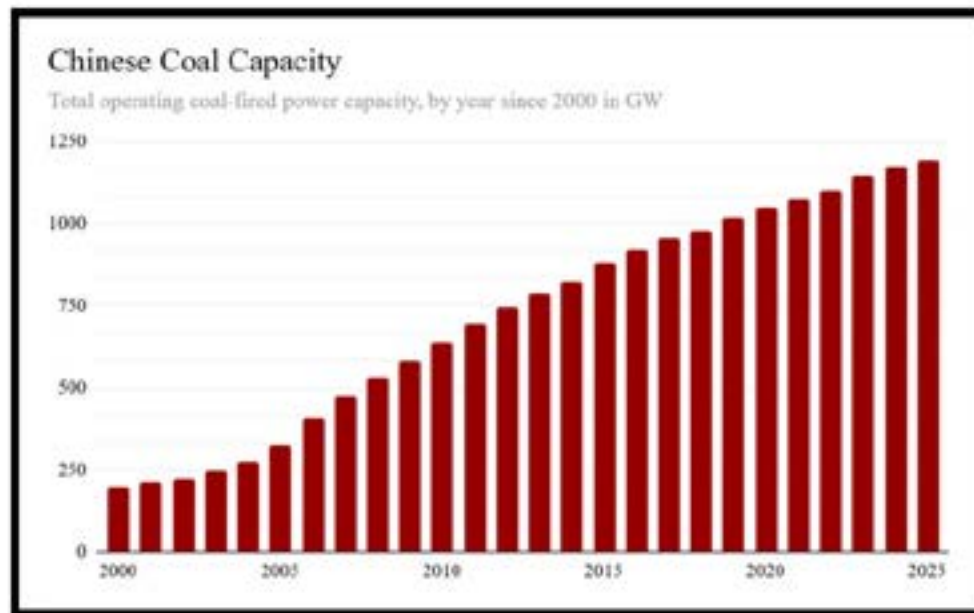
This slow descent quickly reversed when demand in the global economy came roaring back. In 2021, a strong global economic recovery expanded the PRC's coal demand by over 10% year-over-year to approximately 200 million tons.⁶⁵ The price of coal for immediate delivery surged to four times its previous cost as Chinese output struggled to meet the explosive demand.⁶⁶

Domestic mines were unable to keep pace as: (1) many mines closed in the previous years' price depression, or were forced to slow production for non-energy policy related reasons, and (2) PRC regulators refused coal miners' applications to expand mining output to meet Beijing's objectives.⁶⁷ Worsening the situation, coal imports stalled as China engaged in trade wars with its major suppliers.⁶⁸ Even as the price of coal increased, the price of electricity remained constant.

The PRC largely liberalized the coal market, but central planners still retained a firm grip on electricity prices. As coal prices continued to surge, a "mismatch in the price that coal-fired power producers had to pay for steam coal (...) and the price they were able to earn for the sale of their power" emerged.⁶⁹ In short, a state-provoked market malfunction occurred, as shown in the below chart, where coal prices continue to rise while electricity prices remain constant.



These issues ignited a coal shortage. Chinese power producers, normally required to stockpile 30 days' worth of coal on site, were reported to have inventories of only two days of coal ahead of the high-demand winter season.⁷⁰ Many power producers pretended to have maintenance issues to shut down their plants as state mandates to continue supplying electricity collided with economic reality.⁷¹ Starting in late September 2021, 20 Chinese provinces were forced to ration power.⁷² Industrial power consumers were notified that their access to electricity would be restricted to set times.⁷³ In parts of China's northeast regions, even residential power was cut off without notice.⁷⁴ Despite these shortages and China's claimed commitment to ending coal power, its coal capacity continued to rise as shown in the below chart.⁷⁵ This rapid increase in price set the stage for government intervention to bring prices down and control the market.



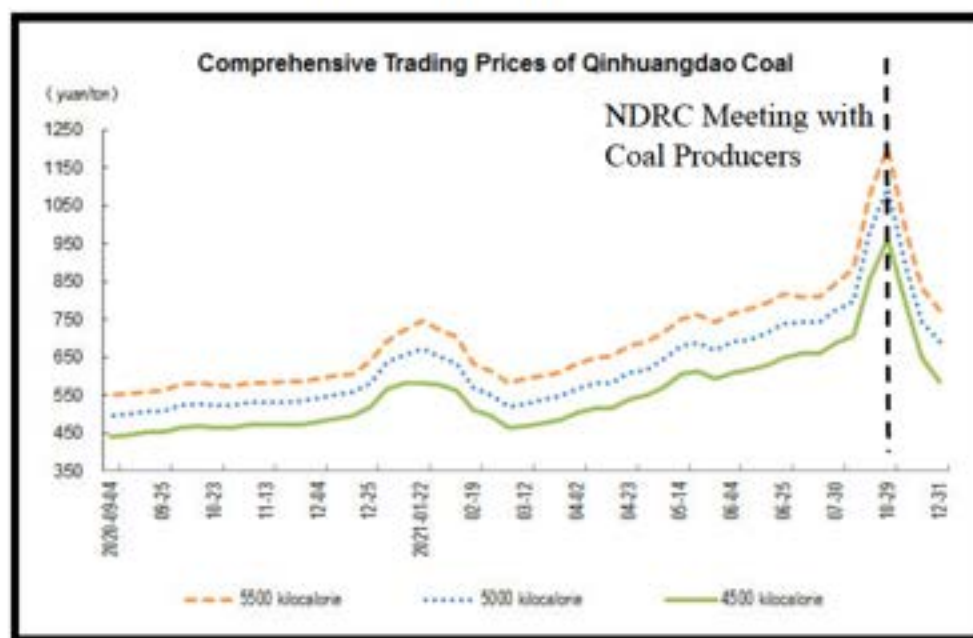
PRC Government Intervention

The PRC swiftly responded to the crisis on multiple fronts. On the one hand, major power market liberalization reforms were undertaken instantly allowing the market to determine electricity prices. The entrepreneurial ambitions of Chinese miners were unleashed as regulators relaxed environmental standards and approved an additional 220 million tons of coal production, exceeding western Europe's entire yearly mining output.⁷⁶ On the other hand, the CCP openly directed the price of coal and electricity to align with its agenda. Coal mines were required to operate at full capacity, and if possible, expand production.⁷⁷ State regulators were dispatched to major producers of coal and generators of electricity to ensure compliance with Beijing's directives.⁷⁸ Beyond that, PRC regulators began using the power of the state against "price manipulators" who were "excessively profiting." Ultimately, supplying more electricity to the grid should increase coal demand since it makes up such a large share of power generation fuel. However, the CCP government ensured the price went down, not up.

Three days after Beijing unveiled the reform package, coal prices broke through the pricing allowance given to power producers.⁷⁹ More hands-on measures were taken to directly influence the price of coal.

The PRC's first step in putting its thumb on the price scale began with a meeting involving important government participants. In October 2021, the PRC's top economic regulator, the National Development and Reform Commission (NDRC) held a meeting with China's top coal producers to discuss "setting standards" to combat "excessive profits."⁸⁰ The next day, Chinese coal

prices fell 8 per cent.⁸¹ Coal prices continued to fall after the NDRC meeting, with October 2021 marking the peak of 2021 coal prices as shown in the below chart.



In addition to this meeting, the NDRC published a statement threatening to activate Article 30 of China's Price Law, which would allow Beijing to impose price caps if the cost of essential goods and services rise significantly.⁸² In addition, the NDRC announced that its "market supervision department will increase inspections and crack down on illegal activities" which would include "spreading false information, price collusion, price bidding, [and] hoarding."⁸³ As highlighted above, these laws were tailored to ensure prices go down when the government wants them to. This episode shows how these laws are enforced.

Following this announcement, NDRC teams swept across China's coal mines to ensure all stockpiles had been sold.⁸⁴ PRC coal producers publicly vowed to cap the price of thermal coals to meet the governments demands for a stable supply "regardless of costs."⁸⁵ After consulting with major coal producers, the NDRC announced a price cap of 1,200 yuan/metric ton for thermal coals, a significant drop from the over 2,000 yuan/metric ton price before the government intervened.⁸⁶ This flurry of activity from the PRC's top regulator forced coal prices to recede below 1,000 yuan/metric ton by early November.

In addition, the NDRC statement claimed that price reporters were harming the national interest by falsifying coal price. So, it launched an investigation. In late November 2021, the Commission published preliminary findings from the investigation: coal index providers were said to have misguided markets, leading to the rise in coal prices.⁸⁷ The threatened punishments included suspension of their index publications, having their credit blacklisted, or facing legal action.⁸⁸ In

March 2022, the final investigation was published and price indices were required to rectify their violations.⁸⁹

As prices continued to fall, NDRC officials met with coal traders and cued that “prices should not fall too much too fast”, yielding a 9% rebound that day.⁹⁰ From then, coal prices continued receding but at a more controlled pace. In this way, every major price action of thermal coal spot prices in the fourth quarter of 2021 resulted from PRC interventions. The Select Committee’s investigation has yielded evidence that these strategies were not limited to the winter 2021 coal price crisis. Rather, the implicit price controls enforced by CCP officials in 2021, are perhaps the most transparent example of a pervasive CCP effort to control commodity prices for the PRC national interest.

CASE STUDY 2: RARE EARTH ELEMENTS

Finding 7: The PRC Government Engaged in a Decades-Long Strategy to Dominate the Rare Earth Supply Chain

There are 17 different rare earth elements (REEs) used in modern devices.⁹¹ REEs can be integrated into alloys that become magnets to give the magnets superior performance capabilities for use in goods such as cars, industrial motors, and electronics.⁹² REEs are essential components in numerous U.S. advanced defense systems, including F-35 fighter jets, Virginia- and Columbia-class submarines, Tomahawk missiles, radar systems, and Predator drones.⁹³ The American people even depend on them for the necessities of everyday life, from smartphones to refrigerators and electric toothbrushes to household drills.⁹⁴ REEs can be divided into two broad categories: (1) heavy rare earths (high atomic numbers), and (2) light rare earths (low atomic numbers).⁹⁵ For example, consider samarium. Companies use samarium magnets almost entirely in military applications.⁹⁶ Yet, the CCP controls the global supply of samarium.⁹⁷

In April 2025, when China imposed harsh export controls on a key subset of rare earths and sent American industry in a tailspin,⁹⁸ some were surprised. However, close observers, including this Committee, saw this PRC blockade coming. Over decades, the PRC engaged in a coordinated and perhaps even seemingly premeditated strategy to acquire rare earth assets and capabilities, then translate those into geopolitical weapons. In 1992, Deng Xiaoping captured China’s strategic view of rare earths with the quote: “There is oil in the Middle East, there is rare earth in China.”⁹⁹ As shown below, the PRC government engaged in a likely premeditated scheme executed over decades to control the rare earths supply chain and then weaponize it.

China always recognized the importance of the REE industry, but it was not until the mid-1970’s that it was able to make quality rare earth products.¹⁰⁰ After a series of developments, China strengthened its domestic REE magnet industry and began to undersell the international market, thus driving many foreign mines and

producers out of business.¹⁰¹ Later, in 1990, the Chinese Government declared rare earths to be a protected and strategic mineral.¹⁰² This declaration initiated the government's plan to acquire strategic assets and gain control of the supply chain. By the end of the 1990s, China had developed essentially a monopoly on magnet development.¹⁰³

The PRC acquired this stranglehold by luring in technologically advanced, mostly western, firms through partnerships or acquisitions. For example, in 1991, Canada Rare Earth Metal Company joined forces with Ganjian Rare Earth Metal company of Ganzhou, China to build a \$3.3 million plant to process two hundred metric tons of mixed rare earths worth \$14 million per year.¹⁰⁴ In 1995, the PRC firms Beijing San Huan New Materials High-Tech Incorporated and China National Non-Ferrous Metals Import and Export Corporation, together with the U.S. investment firm Sextant Group Incorporated, bought Magnequench, at the time a General Motors (GM) subsidiary that produced REE magnets.¹⁰⁵ As part of this acquisition, the agreement required the acquirer to run the Indiana plant for at least five years.¹⁰⁶ Five years and *one day later*, the plant closed, the workers were fired, and everything was moved to China.¹⁰⁷

Just as with other critical minerals, the CCP began implementing a government-managed protection strategy. In the 1980s, PRC producers were able to drive out competitors by offering below-market prices on the international market.¹⁰⁸ In 1990, to stabilize prices, the government nationalized a large part of the industry.¹⁰⁹ In 1991, the PRC central government decreed that it was illegal for Chinese companies to mine "ionic rare earth" with foreign joint ventures, as well as made it illegal to provide persons lacking a PRC ID card with "ionic rare earth" geological data, ore samples, or mining production technology.¹¹⁰ In 1994, the CCP established a strict price schedule and a cartel to control output.¹¹¹ Flooding the market with cheap product while restricting technology transfer to foreigners enabled the PRC to rapidly establish dominance in rare earths and shut out western competition.

In the mid-1990s PRC industry slowly marched towards dominance while America's industry receded.¹¹² All of this resulted in massive increases in China's market share. Between 1988 and 1998, its production of Nd-Fe-B (Neodymium Iron Boron Magnets) magnets increased from 14.4 percent to 40 percent.¹¹³ In 2008, China processed more than half of the global rare earth supply, exporting 10,000 tons of magnets and 34,600 tons of other products.¹¹⁴ By 2010, the PRC held 90% of the world's rare earth element processing capacity, which cemented its monopolistic position.¹¹⁵

In 2010, the PRC translated this newfound market power into geopolitical power by blocking rare earth exports to Japan after Japan detained a Chinese fishing trawler.¹¹⁶ The restrictions barred exports of rare earth oxides, salts, and pure rare earth metals.¹¹⁷ The embargo sent the Japanese automotive industry into

a panic because the rare earth magnets were critical to that sector and there were few, if any, alternative sources for these critical inputs.¹¹⁸

In 2011, the PRC State Council released an opinion stating that rare earths were an “important non-renewable strategic resource” [稀土是不可再生的重要战略资源].¹¹⁹ These opinions also called for a centralization of the “southern ionic rare earth industry” [南方离子型稀土行业] so that three companies had an industry concentration of 80%, and it called for improved price formation mechanisms.¹²⁰ Finally, it called for strengthening oversight of rare earth exports and higher export-enterprise thresholds.¹²¹ These opinions further cemented the CCP’s control of rare earths policy. A paper published shortly afterward in 2012 by the PRC’s State Council highlighted that the “[PRC] state sets reasonable quota for annual rare-earth exports that basically satisfies the normal demand of the international market.”¹²²

In mid-2011, the PRC’s quota triggered rapid price increases across the rare earth industry, with the U.S. Department of Energy forecasting that there would be a “critical shortage of five rare earth elements between 2012 and 2014.”¹²³ These restrictions highlighted the PRC’s control, but the U.S. and its allies did not take the necessary steps to reduce the PRC’s control of the market and unfair practices. The U.S. and its allies only filed a World Trade Organization (WTO) complaint.

In March 2014, the U.S. along with the European Union and Japan challenged these export restrictions at the WTO and prevailed.¹²⁴ This WTO challenge only shifted China’s tactics, but it did not stop them. In 2015, the year after the WTO ruling, according to industry insiders at the time, the PRC shifted to restricting the source of extraction such as through production quotas to control exports rather than establishing an export quota.¹²⁵

By 2016, the PRC achieved dominance in rare earth processing and decided to utilize its newfound monopoly power and take profits. In 2016, the Ministry of Industry and Information Technology (MIIT) issued a Rare Earth Industry Development plan for 2016-2020.¹²⁶ In this plan, MIIT highlighted that the government integrated 22 of the 23 mining enterprises, and 54 of the 59 processing enterprises.¹²⁷ MIIT’s plan also included raising industry profitability from 5.8% to 12%.¹²⁸ This plan illustrated the PRC’s rare earth playbook. Over decades, the PRC achieved rare earth dominance to become a monopoly, then wielded its rare earth power as a geopolitical weapon against Japan. Finally, it used its monopoly position in rare earths to extract monopolistic profits.

To further cement government control over the industry, in December 2021, the PRC announced more industry consolidation in rare earth mining and processing from six to four enterprises.¹²⁹ The new China Rare Earth Group would control about 70% of the nation’s rare earth element production.¹³⁰ To date, this gigantic company wields significant control over rare earth pricing according to the Rare Earth Exchanges.¹³¹ This dominance is expected to continue, unless there

is a meaningful challenge. The International Energy Agency estimates the PRC will control 77% of rare earth refining by 2030.¹³²

Finding 8: PRC Rare Earth Exchanges Are Inherently Untrustworthy Because They Are Controlled by State-Owned Rare Earth Producers.

Since the PRC state owns some of the largest rare earth companies in China, the government exercises its control through these companies at the source, meaning the point of production.¹³³ The PRC's output is a major determinant of rare earth prices because of its outsized global supply share.¹³⁴ Since the rare earth industry covers a variety of materials, specific markets may differ. However, the overall trend is clear: PRC state-owned producers wield significant influence over global pricing for rare earths.

Some rare earths are a notoriously illiquid market making pricing difficult.¹³⁵ Since at least 2011, the PRC has engaged in practices to try to “determine a reasonable price range for rare earths.”¹³⁶ Pricing coming from China showed a clear conflict of interest because the rare earth companies participating in the marketplace published the prices used in the marketplace. From 2013 to 2025, Northern Rare Earths [北方稀土] published rare earth prices considered to be a bellwether for the industry.¹³⁷ Northern Rare Earths also sold materials to most of China's leading magnet material companies.¹³⁸ Participating in an industry it also helped set prices for shows a clear conflict of interest and highlights the unreliability of this pricing information.

In 2025, China Northern Rare Earths stopped publishing prices and transitioned to employing the price published by the Baotou Rare Earth Exchange Co.¹³⁹ However, according to research by WireScreen, China Northern Rare Earths is the largest shareholder of Baotou Rare Earth Products Exchange Co. This significant ownership stake allows China Northern Rare Earths to exercise influence over rare earth pricing and undermines Baotou's objectivity. Moreover, as described above, price indices remain subject to PRC law, which inhibits objective pricing that diverges from the government's interests.

Without a U.S. and allied alternative, marketplace participants bargain in the shadow of these unreliable PRC-centric prices.

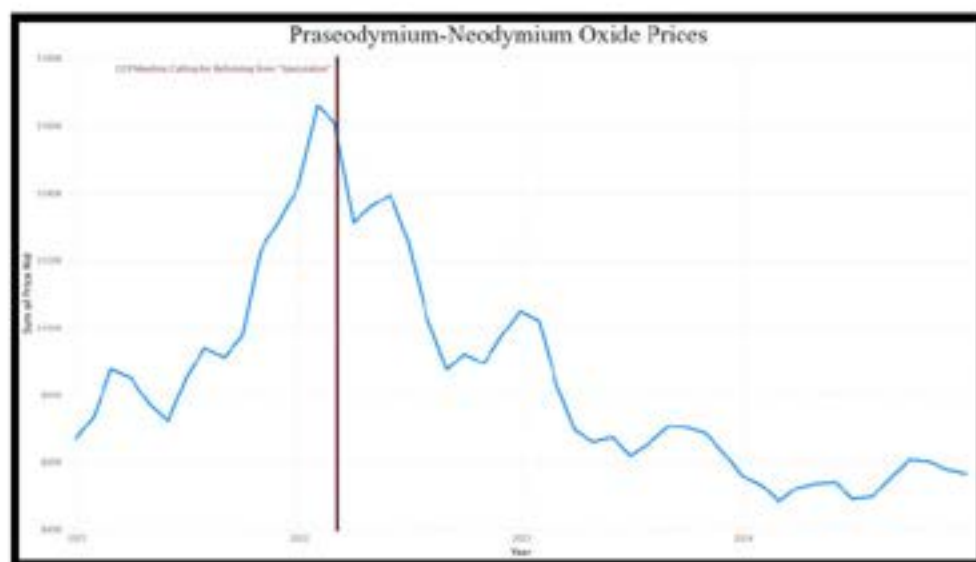
Finding 9: Beginning in March 2022, the Chinese Government Engaged in a Whole-of-Government Effort to Manipulate Rare Earth Prices.

As noted above, the PRC controls rare earth supply through a quota system. In 2024, the PRC government only allocated this quota to two companies: China Rare Earth Group and China Northern Rare Earth Group High-Tech.¹⁴⁰ It uses these state champions to control rare earth prices.

As a result of the pandemic and supply disruptions, rare earth prices began to rise substantially in 2022.¹⁴¹ This price increase led the PRC government to

increase production quotas to bring prices down. Data show the PRC government increased smelting and separation by 14% and 25% respectively between 2022 and 2023.¹⁴²

However, this production increase did not have the intended effect on prices. So the government convened a meeting of industry participants that resulted in a significant decrease in rare earth prices. First, it held a meeting in March 2022 to instruct its rare earth champions to refrain from “speculation.”¹⁴³ Beginning after the March 2022 meeting, rare earth prices fell substantially. The Rare Earth Exchanges noted that prices fell from their 2022 high by nearly 40% by 2023.¹⁴⁴ The chart below of praseodymium-neodymium oxide shows that drop. Praseodymium-neodymium oxide is often considered a bellwether of the industry.¹⁴⁵



This chart shows the immediate effect the PRC government’s statements had on rare earth concentrate prices. Similar to the coal industry, the PRC government used these meetings as a signal to market participants that they should bring the prices down.

CASE STUDY 3: LITHIUM

Finding 10: The PRC Engaged in a Whole-of-Government Effort to Dominate Lithium Production

Lithium is a soft, silvery-white metallic element that is highly reactive.¹⁴⁶ It is most commonly used in ceramics, batteries, glass, and lubricating greases¹⁴⁷ as well as in aerospace applications.¹⁴⁸ Lithium is also critical to U.S. military capabilities.¹⁴⁹ Because of its reactivity, lithium is sold commercially as various lithium compounds, particularly lithium carbonate as discussed below.¹⁵⁰ CCP

domination did not happen overnight but through a systemic, years-long, government-directed effort to ensure China controlled the value chain.

China was able to achieve near-total dominance of lithium supplies in a six-year span.¹⁵¹ The evidence laid out below suggests this dominance was not an accident but instead a direct result of PRC government policies. Each time the PRC government indicated the importance of lithium, Chinese firms increased acquisitions of lithium assets. Initially, the PRC listed lithium among its strategic minerals under its minerals plan in May 2017.¹⁵² Afterward, PRC mining companies increased their acquisition of lithium assets. In May 2018, Tianqi Lithium, a Chinese lithium mining company, announced its intention to buy more than 20% of Chilean lithium miner Sociedad Química Y Minera (SQM) for more than \$4 billion.¹⁵³ In August 2018, Ganfeng Lithium, another PRC lithium mining and producing company, announced that it would jointly develop Argentina's Cauchari-Olaroz lithium.¹⁵⁴

In November 2020, the General Office of the State Council—the PRC's office dedicated to assisting its top state administrative organ body¹⁵⁵—released a plan to develop new energy vehicles that included a call for greater lithium supply.¹⁵⁶ This announcement rapidly expanded PRC lithium asset acquisition. In May 2021, Ganfang Lithium announced its intent to take over the lithium development firm, Bacanora Lithium.¹⁵⁷ One month later, in June 2021, Ganfang Lithium signed an agreement with the Australian mining and development firm Firefinch to develop Firefinch's Goulamina lithium project in Mali.¹⁵⁸ In July 2021, Ganfeng Lithium made a \$353 million all-cash offer to buy Canada-based lithium mining company Millennial Lithium Corp.¹⁵⁹ In October 2021, Zijin Mining, a PRC state-owned lithium mining company, acquired Canada-based Neo Lithium and gained access to its South American lithium assets.¹⁶⁰ In November 2021, Chengxin Lithium acquired a 51% stake in Max Mind, a Hong Kong Investment Company,¹⁶¹ whose subsidiary holds mining rights to the Sabi Star Lithium Tantalum Project in Zimbabwe.¹⁶² In December 2021, Zhejiang Huayou Cobalt Co., a developer and manufacturer of lithium and cobalt materials, acquired an 87% interest in the Arcadia Lithium Project in Zimbabwe for approximately \$370 million.¹⁶³

The CCP reiterated this directive in March 2022 as part of its "14th Five Year Plan" when it stated it was necessary to build a world-class lithium brine industry.¹⁶⁴ This announcement kicked this flurry of deals into overdrive. Zijin Mining acquired a 70% stake in the Lakkor Tso Lithium Project located in Tibet in April 2022, one month after the announcement.¹⁶⁵ Sinomine, another Chinese state-owned mining company, acquired the Bikita lithium project in Zimbabwe in 2022.¹⁶⁶ In 2023, BYD, a PRC automotive company with reported links to the PRC government and military,¹⁶⁷ bought the mineral rights to two plots in Brazil's lithium valley.¹⁶⁸ In October 2023, Zijin Mining established a joint venture with Cominiere, the state-owned mining company in the Democratic Republic of the Congo (DRC), to develop the Manono Northeast Lithium Project there.¹⁶⁹ In September 2024, China Minmetals, another PRC state-owned mining company,

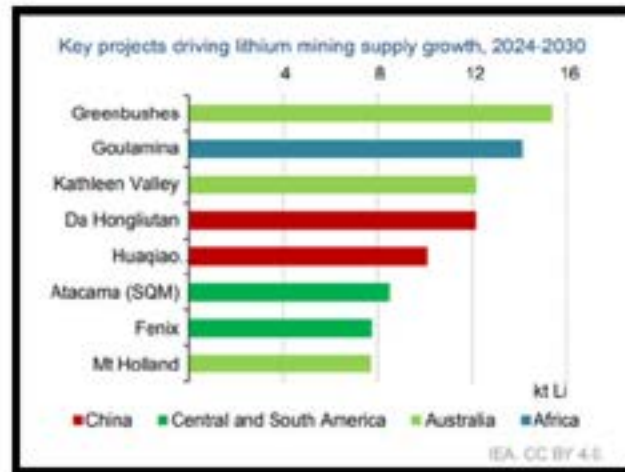
announced a \$1.4 billion joint venture in Qinghai to develop lithium.¹⁷⁰ This acquisition spree resulted in the current situation, where the PRC dominates the lithium market in extraction and refining. Per the chart below, one analysis by the IEA shows this domination is anticipated to continue through 2030.



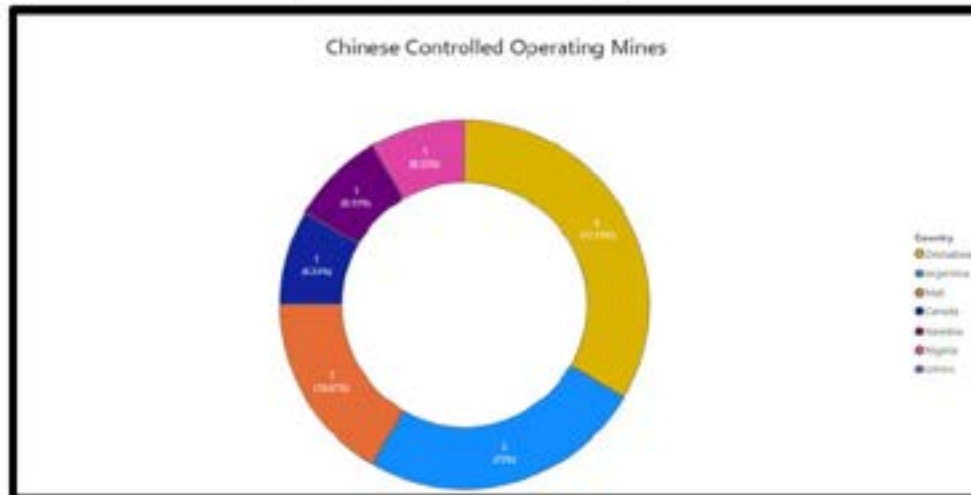
According to analysis by EXIM, the PRC now holds twice as many known lithium reserves as the United States.¹⁷¹ Despite having just double the reserves, China produces 14 times more lithium than the United States.¹⁷² Lithium production primarily comes from two sources: hard rock lithium mines, and brines.¹⁷³ The operational costs of producing lithium chemical products from a hard-rock mine are about half those of a brine deposit.¹⁷⁴

Finding 11: The PRC Maintains Ownership or Control in Four of the Top Five Lithium Mines Projected to Drive Global Lithium Supply

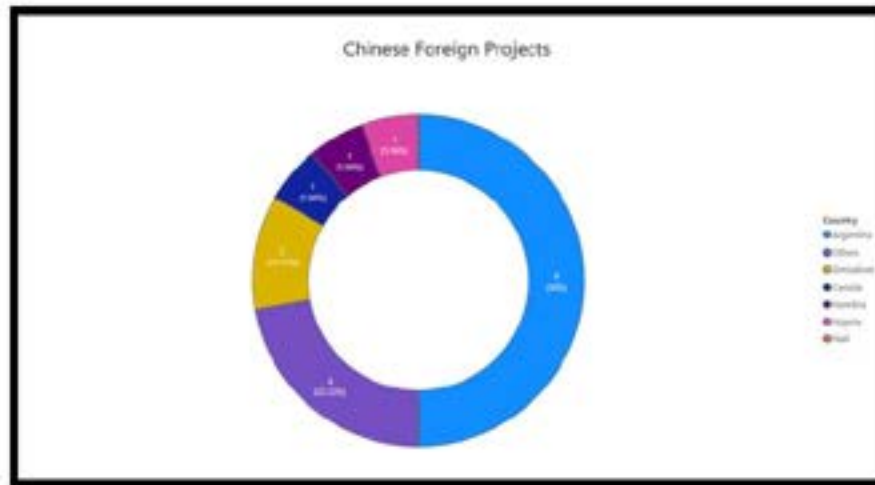
While the primary lithium-producing mines are located outside of the PRC, they are not outside of CCP control. The chart below, produced by the IEA, shows the top global lithium-producing mines expected to provide significant lithium supply through 2030.



Tianqi Lithium, a PRC mining company, holds an indirect stake of roughly 26% in the Australian Greenbushes mine.¹⁷⁵ Ganfang Lithium, another Chinese mining company, holds a 65% indirect stake in the Goulamina mine located in Mali.¹⁷⁶ In total, this gives PRC-based interests ownership or control in four of the top five lithium mines projected to drive global lithium supply. PRC firms also control a vast number of other lithium projects across the globe. The chart below shows PRC-controlled operating assets across the globe.

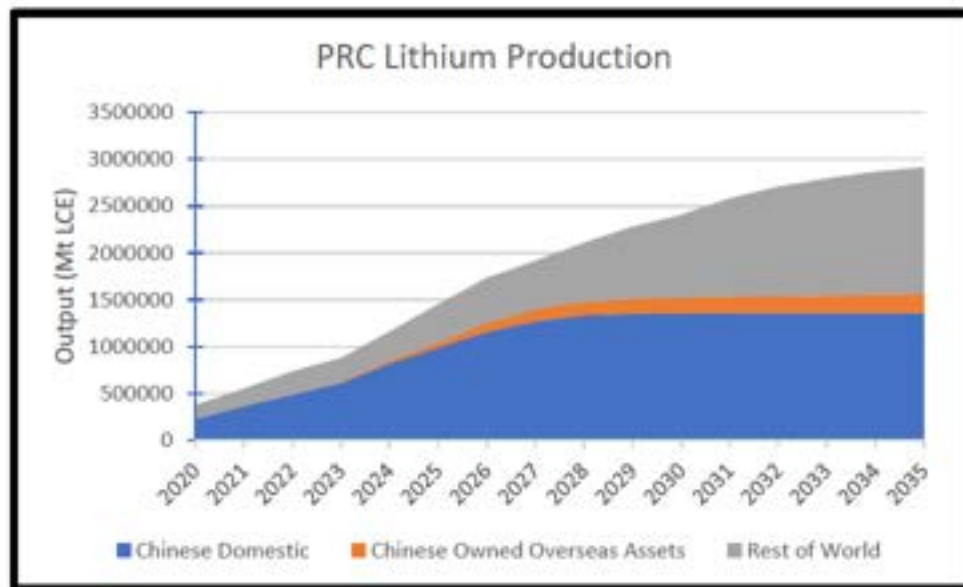


To extend this control over the lithium value chain, PRC firms have also invested in the development of projects across the globe. The chart below shows the number and location of PRC projects around the world divided by country.



In total, this data shows that the PRC controls the upstream assets. The PRC's tentacles reach global mines and their associated production on multiple continents and geographies. This reach propels PRC production, enabling it to control the next step: refining.

China dominates lithium production and refining more than upstream assets. The following chart shows historical and projected PRC lithium production.



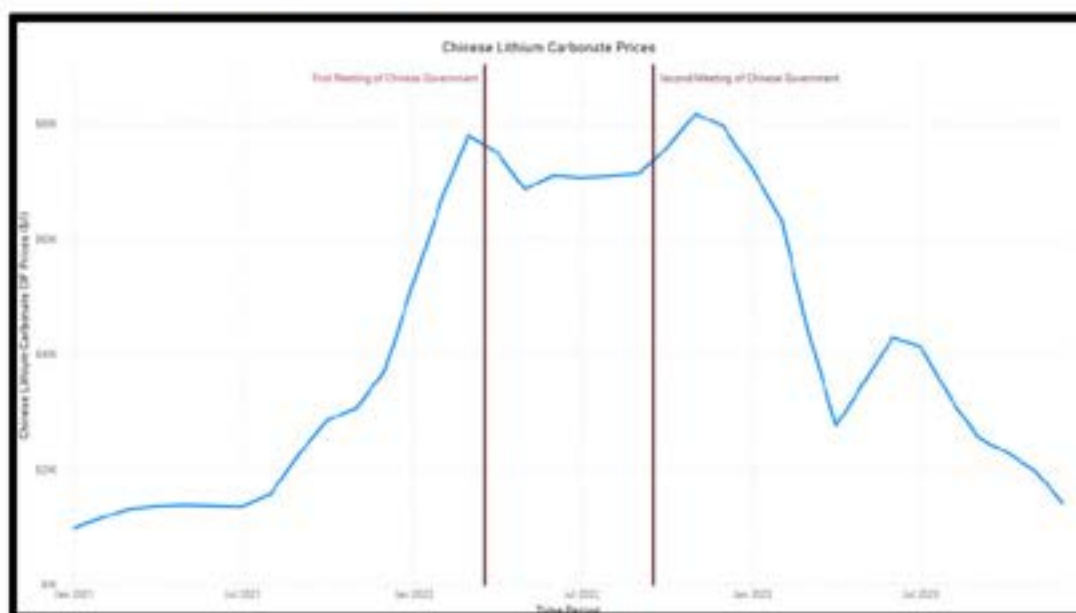
According to EXIM analysis, the PRC is the largest lithium producer, controlling 60-80% of the world's lithium processing and refining capabilities.¹⁷⁷

This control over the supply of lithium enabled the PRC government to engage in monopolistic behavior beginning in 2021. When lithium prices rose, the PRC government engaged in a coordinated effort to artificially depress the price and ensure a non-PRC supply chain could not emerge. They accomplished this goal

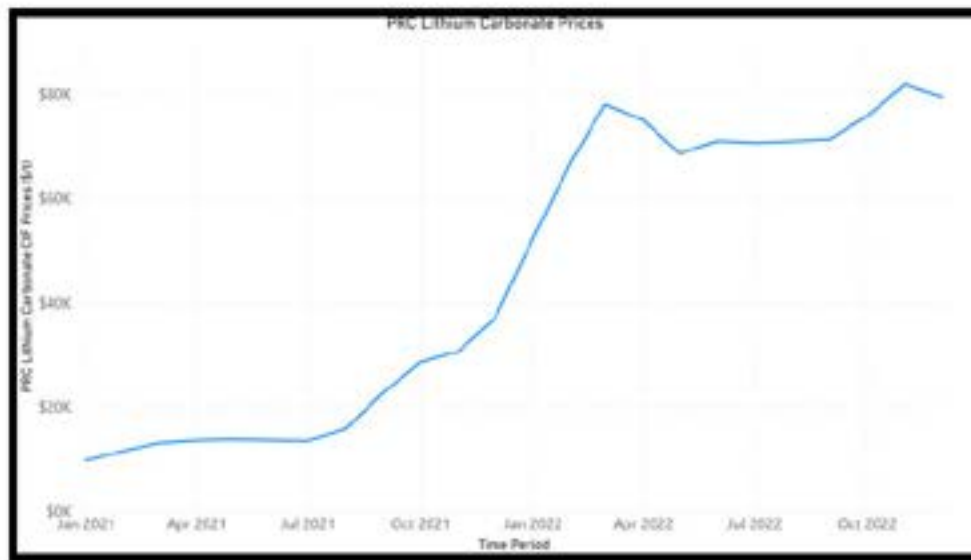
using the two levers: (1) government fiat, and (2) supply control. This dual intervention became clear during the 2022 lithium price crash.

Finding 12: Starting in 2021, the PRC Government Engaged in a Coordinated Effort to Artificially Depress Lithium Prices that Had the Effect of Preventing the Emergence of an America-Focused Supply Chain.

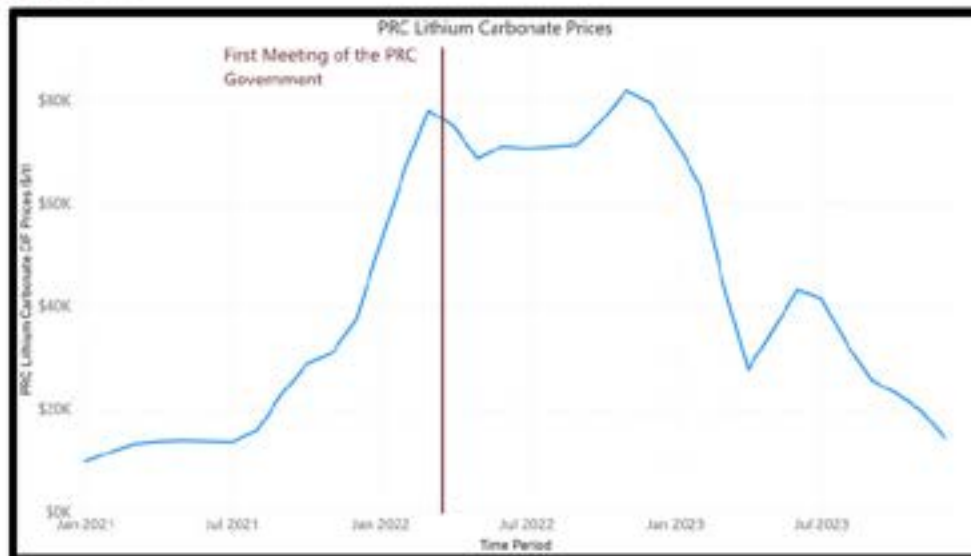
Using its lithium market dominance, the PRC engaged in a coordinated effort to artificially depress lithium prices. These low prices ensured that a new western centric supply chain did not arise. This was partially accomplished during two key meetings where the Chinese government placed its thumb on the scale of lithium prices. After each government planning meeting, lithium prices substantially decreased – this was not an accident.¹⁷⁸



This section of the report will walk through the motivations and outcomes of the Chinese government's efforts to manipulate the price of lithium. Beginning in July 2021 and continuing through 2022, the price of Chinese Lithium Carbonate,¹⁷⁹ including costs, insurance, and freight (CIF), began to rapidly increase.¹⁸⁰



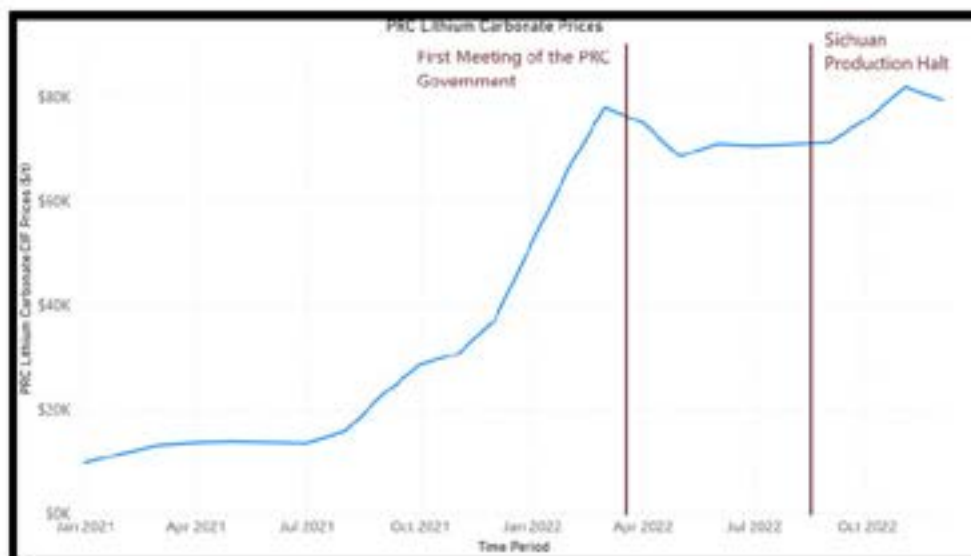
Lithium carbonate prices increased during this period for a variety of reasons.¹⁸¹ That is when the Chinese government rolled out its price-manipulation playbook.



In March 2022, several key elements of the Chinese government organized a meeting to discuss lithium prices.¹⁸² This meeting included the National Development and Reform Commission's Price Department and ended by requiring that upstream and downstream partners coordinate on supply and demand.¹⁸³ The first meeting had an immediate effect. The chart below shows the price beginning to drop after the Chinese government meeting.¹⁸⁴

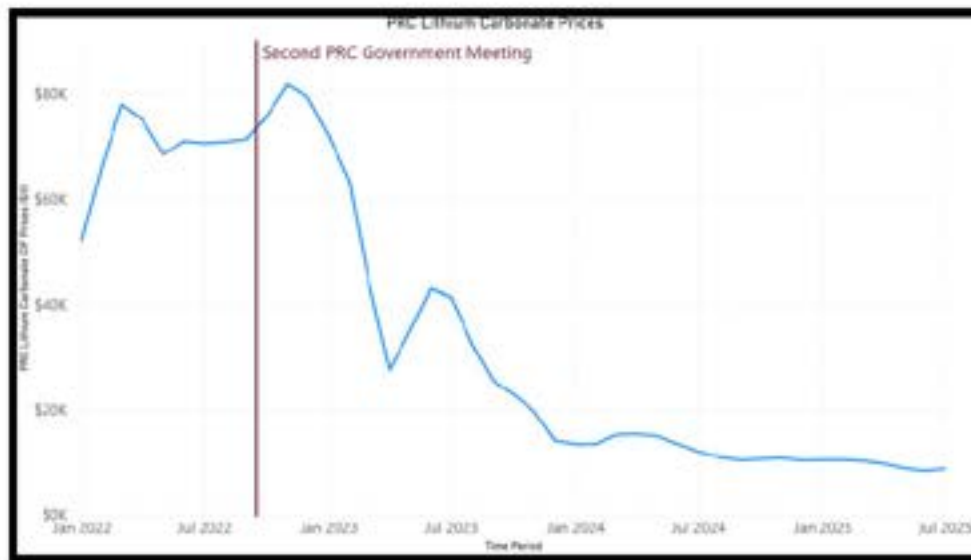
However, an electricity supply problem in the Sichuan province of the PRC kept prices from dropping further. In August 2022, the Sichuan provincial government held a meeting and ordered all industries, including lithium producers, to fully suspend production for a portion of August due to power

supply issues.¹⁸⁵ Sichuan province accounted for 29% of the country's total lithium salts production in the first half of 2022.¹⁸⁶ The local government claimed this power restriction stemmed from a drought,¹⁸⁷ which impacted Sichuan's hydropower plants and decreased their electricity production.¹⁸⁸ This electricity shortfall sent lithium carbonate prices upward, with one market participant noting that their production halved due to power rationing.¹⁸⁹

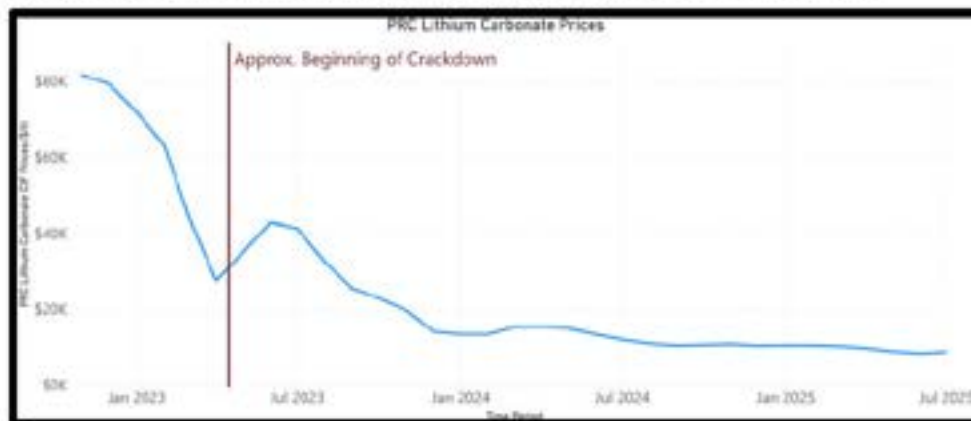


During this same period, a variety of U.S. regulatory developments generated demand signals for lithium, leading to upward pressure on lithium prices.¹⁹⁰

With the downward trend beginning to reverse, the Chinese government called another meeting in September 2022, this time issuing stronger orders to lithium producers.¹⁹¹ The September 2022 meeting also included the NDRC,¹⁹² the department responsible for pressuring coal price index providers described in this report. At this meeting, the government effectively commanded enterprises to bring down prices. While the March 2022 meeting encouraged relationships between upstream and downstream suppliers [会议要求，产业链上下游企业要加强供需对接],¹⁹³ the September 2022 meeting told producers “pricing must not seriously deviate from fixed cost” [不得严重背离成本定价].¹⁹⁴ This command had a dramatic effect on Chinese lithium prices as shown in the chart below.¹⁹⁵

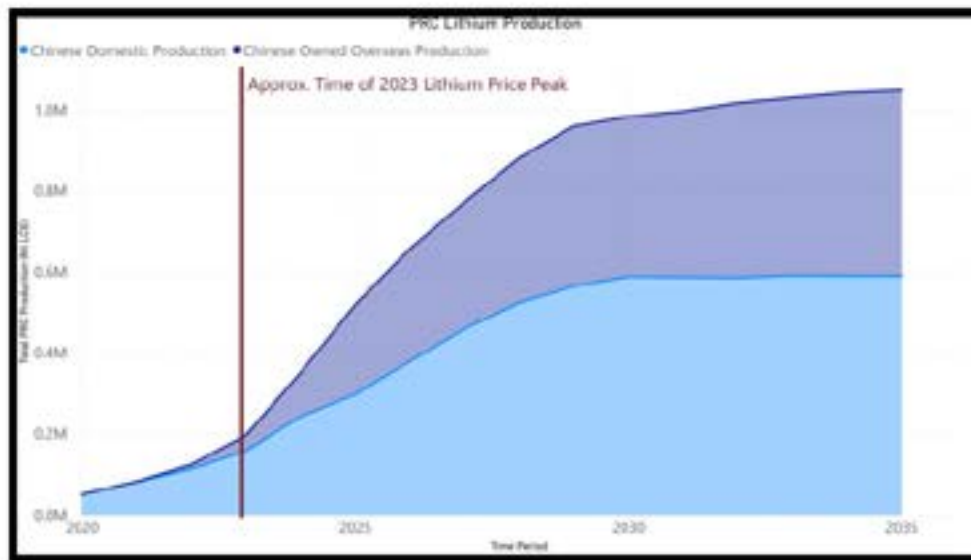


Lithium carbonate prices peaked two months later around November 2022, then plummeted. Six months later, in May 2023, lithium carbonate prices were at less than half their peak. However, due to a series of factors, lithium prices rose again leading up to August 2022.¹⁹⁶ To stop this price appreciation in commodities, the PRC government began cracking down on commodities traders for “hoarding commodities for profit” beginning in April 2022 as lithium started to rise.¹⁹⁷ This crackdown ensured lithium continued to fall as shown in the chart below.¹⁹⁸



One year later, in November 2023, lithium carbonate prices were down roughly 75% from their peak.

Alongside this government command came a flood of production. The chart below shows PRC production beginning in 2020 and projected through 2035.



Even though the price peaked in November 2023 and continued to decline, Chinese lithium production continued to grow unabated. The above chart shows that both domestic and international Chinese lithium production grew during this period, culminating with an estimated 70% market share for lithium mining.¹⁹⁹ The PRC even operates mines where more than half of the output tracked by one observer operated at a loss.²⁰⁰

This twin shock of government fiat and flooding the market sent lithium prices plummeting. This price decline does not align with fundamental market conditions. During the same period, Chinese lithium demand continued to increase.

This is blatant price manipulation. When fundamental market forces sent lithium prices upward, the PRC government held two meetings to bring the price down, at the second one issuing what amounted to an industry command. After the coal saga, PRC companies knew that disobeying their government's dictates would surely trigger government scrutiny. At the same time, demand continued to grow, which should have increased market prices. But it did not.

These depressed price signals caused by the PRC government substantial impacted the American economy. The American raw material producer and specialty chemical manufacturer firm Albermarle publicly noted that the low prices stalled its plans to build the largest U.S. lithium refinery.²⁰¹ This plant was estimated to employ 300 workers with an average pay of \$93,000.²⁰² Sibanye Stillwater, a multinational mining and metals processing company, withdrew its investment from the U.S. Rhyolite Ridge project due to the price decrease.²⁰³ An American mining company, Piedmont Lithium, likewise cancelled its proposed lithium hydroxide processing facility in Etowah, Tennessee,²⁰⁴ which was expected to create another 120 manufacturing jobs.²⁰⁵ In a statement to the Select Committee, Lithium Americas wrote that "[u]nless [lithium] pricing rebounds to

incentive levels to support future supply growth, non-Chinese lithium producers will remain under severe pressure, risking deeper dependency on China.”

The United States must hold the CCP accountable for these unfair practices against American lithium producers and the broader dangers that these practices pose to the American economy. Absent government support, the United States holds little hope of developing an alternative to the CCP’s lithium value chain.

Finding 13: The PRC Government Utilized Its Economic Clout in Lithium by Placing an Export Control Regime on Products Including Lithium

As part of the PRC government’s October 9, 2025 global licensing regime, it also enacted a licensing regime for lithium batteries and certain related equipment.²⁰⁶ These restrictions come after the PRC obtained control over the value chain and the United States failed to adequately support its domestic industry and innovators. As described above, first, the PRC government pushed down the price of minerals. Then it aggressively acquired the upstream assets to use cheap material inputs to support its domestic industry, in concert with investing in its own innovation capacity. Finally, it utilized the critical minerals and rare earths value chain for broader geopolitical ends. U.S. government policies to promote innovation are necessary to address this deliberate PRC government policy of obtaining a virtual monopoly on key critical minerals.²⁰⁷

POLICY RECOMMENDATIONS

At the onset, this report recognizes that each critical mineral and its corresponding market may require a different policy approach. Therefore, the below provides general policy recommendations that would be a significant step towards building an American critical minerals supply chain. Moreover, one single policy will not completely address the serious challenge the United States faces on critical minerals, so we must simultaneously pursue multiple policy prescriptions.

Policy Recommendation 1: Mobilize Federal Financing and Institutional Support

The United States should align its critical mineral-specific existing financing and industrial-base programs under a single coordinating authority, such as a “Critical Minerals Czar.” This official would oversee the deployment of credit, guarantees, and financial instruments across the supply chain, ensuring consistency and efficiency among agencies such as, but not limited to, the Export-Import Bank, the International Development Finance Corporation, the Department of Energy’s Loan Programs Office, the Pentagon’s Office of Strategic Capital, the Pentagon’s Defense Production Act Title III program, and the

Pentagon's Industrial Base Analysis and Sustainment program. This coordinator should prioritize low-cost financing for domestic mining, refining, processing, recycling, and magnet manufacturing projects, while also supporting the establishment of shared industrial parks with waste-treatment and logistics infrastructure.

Policy Recommendation 2: Bolster U.S. Mining and Recovery Efforts, Expedite Project Timelines

The United States must bolster high-standard domestic mining, recycling, and production. Congress should support efforts that jumpstart domestic mining and recycling and provide domestic projects with the clarity and certainty needed to restore production in America. Critically, the federal permitting timeline in the United States for new projects that could be funded by federal dollars or are on federal lands remains among the world's most involved. Congressional discussions regarding potential permitting reforms to standardize and expedite federal permitting for infrastructure, energy, and minerals projects, while maintaining important safeguards, should accompany financing efforts to accelerate project timelines. Importantly, the U.S. should establish strong guardrails in tandem with increased mineral production to ensure materials aren't flowing overseas to adversaries like the PRC.

Policy Recommendation 3: Leveling the Playing Field

The United States and its allies should no longer tolerate predatory pricing or economic coercion by the CCP. To prevent unfairly priced imports from undermining American industries and discouraging new entrants, we should explore temporary minimum price levels for critical minerals to accurately reflect market-based production costs. These temporary minimum price levels should remain in place until true market conditions emerge outside the CCP's influence.

Policy Recommendation 4: Enhance Price Discovery and Market Transparency

Opaque pricing and limited transaction data in low-volume mineral markets have made it difficult for producers and investors to assess risk accurately. Transparent, reliable data will ensure that America, not China, sets the global benchmark for fairness and competition. The federal government should develop tools for transparent price discovery and production cost benchmarking, focusing especially on materials where non-PRC transaction data are scarce. The Federal Trade Commission (FTC), under its Section 6(b) and 6(f) authorities, should require standardized cost and production reporting from major market participants, anonymized where appropriate to protect proprietary information. Additionally, the Department of Commerce and the U.S. Geological Survey (USGS) should maintain an international price-monitoring dashboard that

consolidates verified data and offers early warnings of supply disruptions or signs of market manipulation. Together, these measures would help normalize global production costs and deter pricing distortions designed to drive competitors out of the market.

Policy Recommendation 5: Establish a Strategic Resources Reserve (SRR)

The United States should establish a Strategic Resources Reserve (SRR) to defend its industrial base from foreign manipulation and ensure that prices are anchored to real, market-based production costs rather than the artificially depressed benchmarks set by Chinese state-subsidized producers. The SRR would not entail government price-setting but instead support free-market pricing against non-market manipulation. The SRR would enable private market-makers, providing loans at or near the federal funds rate, as well as serving as a federal counterparty for structured offtake contracts. In practice, this would allow the federal government to purchase materials when prices fall below sustainable levels and to release stock when markets tighten. The SRR would need to coordinate closely with the National Defense Stockpile to avoid duplication and enable reciprocal drawing rights among allied nations. Working in concert with trusted partners and private entities, the SRR would create a transparent, rules-based buffer system akin to the Strategic Petroleum Reserve, giving producers confidence to invest in a domestic supply chain despite cyclical or manipulated pricing environments.

Policy Recommendation 6: Demand-Side Tools to Catalyze Investment

To unlock private capital and ensure long-term supply stability, the federal government should establish demand-side instruments that provide predictable market signals. This includes the use of contracts for difference or price-floor guarantees to ensure producers can maintain operations during periods of suppressed prices while also protecting taxpayers when prices rise. Federal procurement preferences should require high-standard, domestically or ally-sourced mineral inputs across agencies such as the Pentagon, Department of Energy, and General Services Administration. Federal credit issuance should similarly require domestically or ally-sourced mineral inputs that have been sourced from high-standards producers. Strategic stockpiling should complement these measures, serving primarily as a resilience tool and emergency backstop rather than a perpetual source of demand. Together, these tools would reduce investor risk, stabilize production cycles, and ensure that the market remains anchored to sustainable cost structures. Coordination with the SRR would be essential to ensure cohesive implementation and avoid conflicting signals across policy instruments.

Policy Recommendation 7: Strengthen Allied Coordination and Shared Standards

Together, America and its allies can replace dependence with strength and coercion with competition. A resilient critical minerals ecosystem cannot be built by the United States alone. The federal government should work with allies to co-finance extraction and processing projects in trusted third countries, ensuring that such ventures meet high labor and environmental standards and exclude participation from the PRC and other foreign entities of concern. This cooperation should include the creation of shared transparency standards, cost-of-production benchmarking, and coordinated early-warning systems to identify supply risks before they become crises. The U.S. should also lead efforts to align antidumping and surge-protection regulations across partner countries, ensuring that Chinese overcapacity cannot simply be redirected into other markets. By harmonizing rules and developing reciprocal stockpiling arrangements, allied partners can jointly stabilize supply and reduce the effectiveness of Beijing's price manipulation tactics.

Policy Recommendation 8: Support Domestic Magnet Manufacturing and Innovation

Permanent magnet manufacturing is a critical downstream link in the rare earth value chain and remains a key vulnerability for the United States. Federal support should focus on refining, metallization, and scaling domestic magnet production and accelerating the development of alternative materials. This includes expanded research, development, and deployment funding for non-rare-earth magnet chemistries and advanced recycling methods that recover magnets from end-of-life motors and electronics. Federal procurement should serve as a guaranteed offtake channel to support U.S. magnet producers in their early growth stages. The government should also encourage equity investment and cost-plus partnership models between major original equipment manufacturers and U.S. producers. A particular focus for innovation should be alternatives that do not require rare earth inputs.

Policy Recommendation 9: Recover Elements Already Present from Domestic Mines

A new Colorado School of Mines study²⁰⁸ found that the U.S. could meet much of its critical mineral demand by recovering elements already present in ore from domestic metal mines, but those minerals are currently being discarded. The study found vast untapped resources in the United States, with existing metal mines already excavating enough ore containing cobalt, nickel, rare earths, tellurium, germanium, and many others to meet or exceed domestic demand if recovered. According to the study, quantitatively 90 percent by-product recovery could meet nearly all U.S. critical mineral needs, while even one-percent

recovery would meaningfully cut import dependence for most elements. The federal government should support efforts to verify ore compositions of hard-rock mines and work to improve the cost and technological feasibility of recovery of these elements.

Policy Recommendation 10: Critical Minerals Tax Credit

In recognition of the long timelines associated with critical minerals production and processing, Congress should authorize production tax credits similar to the Section 45X Advanced Manufacturing Production Credit. These measures should include guardrails that prohibit the credits from being claimed by foreign entities of concern, such as prohibited foreign entities, specified foreign entities, or foreign influenced entities.²⁰⁹ Congress should also establish a credit recapture mechanism and penalty to disallow taxpayers claiming the credit for the production or processing of critical minerals to export those products to foreign entities of concern. Congress should phase out the credit based on domestic production market share goals.

Policy Recommendation 11: Low-Cost Loans

The Department of Energy's Energy Dominance Financing Office ("EDFO") provides loan guarantees and direct loans to support strategic energy and industrial projects, including critical minerals. Lithium Americas Corp.'s Thacker Pass project which received an equity investment by the administration, is supported by an EDFO loan. Congress should reestablish credit subsidy funding for the EDFO. and establish clear criteria to prioritize strategic investments in the critical minerals supply chain, as well as more robust oversight of loan administration and recipient behavior.

Policy Recommendation 12: Anticipate Future Chokepoints

The CCP's ability to dominate critical minerals, rare earth elements, and related technologies stems from a decades-long strategy of identifying these inputs as strategic chokepoints and systematically developing the mining, refining, and manufacturing capabilities necessary to achieve near-monopolistic control. In addition to the critical minerals and rare earths already essential to existing industries, and the extraction and processing technologies that the PRC largely controls, the United States and its allies should proactively identify future critical materials and rare earth inputs essential for emerging sectors such as quantum technologies, nuclear fusion, photonic computing, hydrogen fuel systems, and other nascent fields that will define the next strategic battleground. The corresponding mining, extraction, and refining technologies for these materials should likewise be prioritized and developed within the United States and allied nations.

Policy Recommendation 13: Building American Rare-Earths Know-How

To compete in a sector where the CCP does not operate by global norms, we must ensure American workers develop the specialized rare earths refining and processing knowledge and skills that are currently principally located in the PRC. To do this, the U.S. Government should establish a National Center for Rare Earths Excellence to fund innovation and train researchers, metallurgists, chemists, and process engineers, ensuring the United States has the workforce capacity needed to sustain the sector.

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