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Tackling China's critical raw materials export restrictions

European Parliament resolution of 10 July 2025 on tackling China's critical raw materials export restrictions (2025/2800(RSP))

(C/2026/1447)

The European Parliament,

- having regard to its previous resolutions on China,
- having regard to the upcoming EU-China summit planned for 24 and 25 July 2025,
- having regard to Regulation (EU) 2024/1252 of the European Parliament and of the Council of 11 April 2024 establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020 ⁽¹⁾, also known as the Critical Raw Materials Act (CRMA),
- having regard to Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724 ⁽²⁾ (Net-Zero Industry Act),
- having regard to the G7 Leaders' statement on the G7 Critical Minerals Action Plan,
- having regard to the Commission communication of 26 February 2025 entitled 'The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation' (COM(2025)0085),
- having regard to the clean trade and investment partnerships being negotiated by the EU, and to the EU's critical raw material partnerships,
- having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 20 June 2023 on 'European Economic Security Strategy' (JOIN(2023)0020), and to the speeches about de-risking given by Commission President Ursula von der Leyen at the European Policy Centre on 30 March 2023 and in Parliament on 18 April 2023,
- having regard to the 13th EU-China Strategic Dialogue, held between the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, Kaja Kallas, and the Chinese Foreign Minister, Wang Yi, in Brussels on 2 July 2025,
- having regard to the statements made by Commission President Ursula von der Leyen at the G7 summit held in Kananaskis, Canada from 16 to 17 June 2025,
- having regard to World Trade Organization (WTO) rules, in particular the principles of non-discrimination and of transparency regarding export restrictions,
- having regard to WTO dispute settlement rulings DS431, DS432 and DS433 on China's rare earth export restrictions,
- having regard to the UN Guiding Principles on Business and Human Rights,
- having regard to Rule 136(2) and (4) of its Rules of Procedure,

⁽¹⁾ OJ L, 2024/1252, 3.5.2024, ELI: <http://data.europa.eu/eli/reg/2024/1252/oj>.

⁽²⁾ OJ L, 2024/1735, 28.6.2024, ELI: <http://data.europa.eu/eli/reg/2024/1735/oj>.

- A. whereas on 4 April 2025, China started to enact export restrictions on 7 of the 17 rare earth elements (REEs) and on permanent magnets produced from these, introducing a system for non-automatic licences, and cited dual-use and security considerations as justification; whereas the list of items covered by the restrictions includes medium and heavy REEs (samarium, gadolinium, terbium, dysprosium, lutetium, scandium and yttrium);
- B. whereas critical raw materials are essential inputs for a wide array of industrial products and processes, including in critical sectors such as clean technologies, digital technologies, healthcare and defence; whereas a secure and sustainable supply of critical raw materials is fundamental to achieving the Union's climate, digital, competitiveness and defence objectives;
- C. whereas export volumes have reportedly decreased by as much as 80 %, having a heavy impact on a wide range of sectors, including electronics and consumer tech, green energy and renewables, the automotive industry, aerospace and healthcare;
- D. whereas the EU's dependence on China for critical raw materials has continued to grow or, at best, remains stubbornly high; whereas the global REE supply chain is heavily concentrated in China, which has control of around 75 % of mining output and of 85 % of processing capacity, reaching more than 95 % in the case of some REEs such as terbium, yttrium and dysprosium; whereas the EU remains overly reliant on non-EU countries for the supply of critical raw materials (CRMs) and is almost entirely dependent on China for the supply of heavy REEs; whereas the EU covers 98 % of its demand for permanent magnets, and 92 % of its demand for NdFeB magnets, with imports from China;
- E. whereas China has significantly expanded its dominance in the global mining, processing and refining of CRMs and intermediate products, creating strategic dependences along key value chains,, which have, at times, been deliberately leveraged through restrictive trade measures; whereas China first restricted the export of REEs in 2010 over a territorial dispute with Japan, and this restriction was declared incompatible with WTO rules by the Appellate Body; whereas China has also applied extensive restrictions on the export of raw minerals classified as strategic and/or critical by the EU, including gallium and germanium since 1 August 2023, graphite since December 2023, antimony products since 15 September 2024, tungsten and bismuth since 4 February 2025, and scandium since 17 April 2025;
- F. whereas the implementation of these export restrictions has already started to cause severe disruptions to industry in the EU, including the automotive industry, with as many as 17 assembly lines experiencing temporary shutdowns in May 2025; whereas a wide array of sectors could face disruption, such as healthcare, space and defence – including fighter jets, frigates, drones and precision-guided weapons systems – wind turbines and batteries, as could the green and digital transitions more generally;
- G. whereas China's licensing procedure requires applicants to disclose sensitive information to the Chinese authorities, which breaches economic secrecy; whereas China's updated export control framework of December 2024 gives greater discretionary powers to the Chinese Ministry of Commerce, the State Council and the Central Military Commission to subject items not formally listed as dual-use goods to export controls; whereas these new regulations include measures with extraterritorial applications;
- H. whereas the EU applies export controls to certain types of critical and advanced materials, but these controls are clearly focused on material types, with precise technical parameters relating to their use in specific military applications, do not affect trade in commercial non-sensitive products and account for only a small share of total exports of the materials in question;
- I. whereas China has deliberately pursued a strategy of undercutting global market prices while keeping its domestic market closed, generally to the benefit of state-owned enterprises, and couples this with huge subsidy schemes, leading to significant distortions in global competition and jeopardising recent efforts by the EU and the Member States to keep the EU's remaining mining sectors afloat;

- J. whereas the EU adopted the CRMA in April 2024 as the starting point of efforts towards improving the resilience and autonomy of the EU's supply of CRMs and strategic raw materials (SRMs); whereas the CRMA addresses both the supply side and the demand side, including through production targets, through resource efficiency aimed at moderating consumption, and through the substitution of SRMs; whereas circularity is at the core of the CRMA, which aims to cover 25 % of the Union's SRM needs through recycling by 2030 and has the objective of recycling substantially larger amounts of each SRM from waste, including for permanent magnets;
- K. whereas the upcoming EU-China summit is an opportunity to engage in dialogue while continuing to stand strong against coercion;
- L. whereas China still has sanctions in place against a former MEP, members of Member State parliaments and European think tanks;
1. Strongly condemns China's decision to enact REE export restrictions, which has halted exports and significantly disrupted supply chains vital for the automotive industry, defence manufacturers, semiconductor companies, green technologies, healthcare applications and many other sectors in the EU and across the world; considers that China's action is unjustified and has a coercive intent, building on the enormous leverage its quasi-monopolistic position on the global market provides;
 2. Believes that China is using these export restrictions to strengthen its negotiating position; stresses that the EU must firmly reject any attempts by China to use these restrictions to force concessions on other ongoing trade irritants, and believes that any concessions to China in this respect would harm the EU's ability to protect itself from current and future coercion;
 3. Underlines the importance of expressing concern regarding China's export restrictions on REEs and the broader implications of these restrictions for global supply chains at the upcoming EU-China summit; is convinced that export controls should be part of a multilateral approach designed to protect international security and ensure a global level playing field, insists that unilateral controls must be limited to those made strictly necessary by national security considerations, with transparent and clearly defined rules, and therefore stresses that making China's actions run counter to multilateral rules and practices, and calls on the Commission and the Member States to take a firm and unified stance, engage with China to find a structural solution and continue dialogue with China in this regard;
 4. Urges the Chinese authorities to follow up tangibly on their proposal and fully lift the export restrictions; takes note, in the meantime, of the recent proposal by the Chinese authorities to establish so-called 'green lanes' aimed at simplifying procedures for European companies;
 5. Stresses the urgent need for the EU to enhance its strategic leverage and indispensability by identifying, operationalising and strengthening areas in which it holds critical advantages over China in essential goods and technologies, with the objective of strengthening the EU's strategic autonomy, or by limiting access to the EU internal market for high-risk Chinese vendors in accordance with EU and international trade law;
 6. Considers China's measures to be an unjustified weaponisation of its CRM supply lines, rendering it an untrustworthy source of input for critical sectors and a threat to the Union's economic and essential security interests;
 7. Expresses deep concern over the requirements, imposed by Chinese authorities, that applicants must disclose sensitive data when applying for export permits, and over the considerable risk of technology leaks associated with this as regards the defence industrial base value chain and national security secrets, stressing that this may be used for future coercion; considers it essential for the Commission and the Member States to assess and mitigate the security implications of such data transfers, in line with the European economic security strategy;
 8. Urges the Commission and the Member States to accelerate the implementation of the CRMA; stresses the important role of the European Raw Materials Board and its sub-groups for the rapid and efficient implementation of the CRMA; recalls the clear and ambitious targets set to reinforce EU capacities to extract, process and recycle SRMs domestically by 2030; highlights the selection of the first 60 strategic projects under the CRMA;

9. Regrets the fact that the CRMA was not accompanied by a dedicated EU budget, despite the lack of funding being the main bottleneck; stresses the urgent need to secure investments in the strategic projects approved under the CRMA and in other projects to boost extraction, refining, processing and recycling that contribute to de-risking from China and to achieving the CRMA benchmarks; urges the Commission to dedicate further EU-level support to the diversification of the REE and CRM supply, and to guarantee that the forthcoming multiannual financial framework will include a budget line to foster investment in extraction, processing, circularity, research and innovation, including for the substitution of CRMs;
10. Underlines the need for the EU to mine domestically and re-establish processing capacity; underlines that increasing the efficiency of resource use through technological innovation is one of the objectives of the CRMA; emphasises the potential of recycling and urban mining to alleviate supply constraints in the short term and asks the Commission to take immediate measures to improve the collection and retention of REEs in the internal market;
11. Underlines the need to ensure the long-term business case for and the viability of investments in CRM value chains, including through financial support such as price floors, offtake support and strategic stockpiling; calls on the Member States to request that large companies producing technologies in strategic sectors duly and regularly carry out risk-preparedness activities and measures to mitigate supply shortages, including via stockpiling;
12. Calls on the Commission, together with the Member States, to assess the minimum level for the EU of strategic stocks of REEs listed as SRMs (neodymium, praseodymium, terbium, dysprosium, gadolinium, samarium and cerium) and the corresponding end-use applications, including those linked to the defence industry;
13. Calls, furthermore, for stronger engagement to conclude clean trade and investment partnerships (CTIPs) and bilateral strategic partnerships on raw materials that are based on true win-win partnerships and meet high sustainability and human rights standards; insists on the need to move towards binding agreements on CRMs to ensure the long-term security of the EU's supplies, guarantee more transparency and ensure that Parliament has scrutiny powers; underlines the importance of free trade agreements and the Global Gateway initiative in enhancing access to CRMs;
14. Encourages the use of preference clauses for sourcing REEs from EU suppliers and trusted partners in relevant procurement legislation; calls for greater coordination with like-minded international partners, particularly within the G7 and NATO frameworks and with the Japan Organization for Metals and Energy Security, in order to improve knowledge transfer, align supply chain security, joint investments and stockpiling strategies, and develop trusted-source standards for strategic sectors and projects;
15. Instructs its President to forward this resolution to the Council, the Commission, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the governments and parliaments of the Member States and the Government and Parliament of the People's Republic of China.
