Tempest in the Supply Chain: The Trump-Xi Rare Earths Dance

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In a recent conversation with Tracy Hughes of InvestorNews, Jack Lifton, co-chair of the Critical Minerals Institute (CMI), offered a pointed assessment of the recent meeting between President Donald Trump and President Xi Jinping and its implications for the rare earths market. According to Lifton, "what they agreed upon was that China would roll back its latest series of impediments to the export of rare earth products by one year," and he cautioned that "this wasn't any kind of permanent deal."

He emphasized that Americans in particular tend to overlook the significance of China's newly published 2026-2030 five-year plan, which prioritizes the development of a civilian consumer economy—contrasting with China's traditional emphasis on production over consumption. "China absorbs 80% of its production of rare earth enabled products," he noted, adding that if China succeeds in its domestic consumer revolution, "they'll use even more of their production than they do now."

Lifton warned that the United States and Europe must act proactively: "no matter what this temporary agreement is, the United States and Europe must develop domestic sourcing of these rare earth enabled products, in particular the magnets." He observed that the market seemed to understand the provisional nature of the accord, remarking that although rare earth stocks dipped, "not that much" dropped, reflecting investor recognition that "this is a temporary fix and nothing has been decided in the long run."

Lifton offered a critical view of China's relationship with the

World Trade Organization, asserting “China thinks WTO is sort of a pejorative term … they couldn’t care less about the World Trade Organization except as it benefits China.” Addressing the geopolitics, he characterized Trump and Xi as “world-class salesmen … this is a duel between two powerful, smart salesmen, both of whom are trying to help out their nations,” and cautioned against interpreting the outcome as one having made significant concessions.

On allied front, Lifton chastised the U.S. for disregarding key partners: “the problem we have in America … is that we’re ignoring Canada and we’re ignoring Australia.” His outlook for Canada is telling: “Canada is being forced by the actions of the United States administration into the arms of Europe.” Whether Canada chooses to link with the U.S., Europe or China, he observed, “If Canada can’t sell its materials to the United States, what’s it going to do? Stop producing? No. It’s going to sell to whoever wants to buy them.” Lifton sounded a clear warning: to avoid being economically bypassed, the West must treat critical minerals investment as a long-term strategic effort, not a political impulse.

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