Trump Snubs Xi Amid China's Rare Earth Power Play – Jack Lifton's Analysis

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Today, we have Jack Lifton, Co-Chair of the **Critical Minerals Institute (CMI)** and widely regarded as the world's #1 expert on critical minerals, to discuss a startling development in the U.S.–China trade standoff. President Donald Trump has abruptly decided not to attend an upcoming meeting with China's President Xi Jinping in South Korea. Lifton believes the cancellation is rooted in optics and strategic calculation – Trump is avoiding a scenario that could portray the U.S. as being on the back foot. In the rare earth elements showdown that underpins this trade war, China still holds all the cards.

China Tightens Its Grip on Rare Earths

Beijing has moved decisively to strengthen its leverage ahead of any high-level talks. In early October, China announced new export controls on rare earth elements, dramatically expanding an existing tech export ban. Five additional rare earth metals were added to China's export restriction list – holmium, erbium, thulium, europium, and ytterbium – bringing the total controlled rare elements to 12 out of the 17 rare earths. These materials (along with related processing technology and equipment) can no longer be freely exported from China without special licenses. The timing is no coincidence: the rules were unveiled just weeks before a planned Trump–Xi summit, signaling a strategic move by Beijing to gain bargaining power.

Why do these obscure-sounding elements matter? Each of the newly restricted rare earths has niche but critical high-tech uses. They are precisely the kinds of inputs that advanced industries – and militaries – rely on. In brief, the five metals and their key applications include:

- **Holmium (Ho):** Used in extremely strong magnets and certain semiconductor and nuclear technologies. Holmium can boost the strength of permanent magnets, which are vital in everything from electric motors to weapon systems.
- **Erbium (Er):** Crucial for fiber-optic telecommunication networks and infrared laser devices. Erbium-doped optical fibers enable the internet's long-haul data transmission, and its infrared applications have both commercial and military value (night vision, laser rangefinders, etc.).
- **Thulium (Tm):** Employed in portable X-ray machines and laser equipment. Thulium's fluorescence under ultraviolet light also makes it useful in anti-counterfeiting technology. It's one of the rarest rare earths, hence seldom discussed – even Lifton quipped he'd have to double-check its uses.
- **Europium (Eu):** A phosphor element used in red and blue phosphorescent compounds for LED lighting and display screens, as well as in control rods for nuclear reactors. Europium's role in screens and illumination has expanded with modern electronics, and it has potential military applications (such as in specialty lasers or targeting systems).
- **Ytterbium (Yb):** Used as a radiation source in X-ray devices and in nuclear medicine, and finding new applications in quantum computing and precision alloys. Ytterbium can also act as a catalyst in certain chemical processes. While less famous, its importance may grow with cutting-edge tech development.

China's official justification for these export curbs is national security. Rare earth materials are considered "dual-use" – integral to civilian high-tech products but also crucial for advanced military hardware. A Chinese Ministry of Commerce spokesperson noted that certain foreign entities have been obtaining Chinese rare earths and related know-how, then funneling them into military applications, which Beijing says threatens its national security. In other words, China is effectively responding in kind to Western export bans. (Recall that the United States and its allies recently barred China from buying cutting-edge semiconductor chips and equipment, precisely to prevent Beijing from advancing its AI and weapons programs. What's "good for the goose is good for the gander," as Lifton puts it.) By tightening the spigot on rare earth exports now, President Xi is sending a pointed message: China will not continue enabling Western industries – or militaries – at its own expense.

Under the new regulations, Western companies are essentially cut off from Chinese rare earth expertise and inputs. Export of specialized rare earth refining equipment is now forbidden, and as of December 1, no Chinese citizen or entity can assist foreign firms with rare earth processing without government approval. Any foreign company that somehow still uses Chinese-origin rare earth materials or machinery in its supply chain will have to obtain a license from Beijing to export their end product. (Notably, these rules apply even if the final product involves no Chinese company – a sharp assertion of extraterritorial control similar to U.S. measures on chips.) Beijing has also declared that overseas end-users in defense will be flatly denied licenses. In short, China is pulling up the drawbridge: after decades of being the world's rare earth workshop, it is now clamping down to stifle any foreign attempts to build rival supply chains.

“All Talk, No Action”: The West’s Rare Earth Dilemma

Jack Lifton doesn’t mince words about the West’s predicament: “We talk about reshoring or rebuilding the rare earth magnet industry in the U.S. and Europe, but we haven’t actually done it,” he says. For the past 30 years, China methodically invested in every stage of the rare earth supply chain – from mining and refining to metallurgical alloys and magnet manufacturing – while Western countries largely abandoned these industries. The result is a colossal gap in capability. China today accounts for about 70% of global rare earth mine output, ~90% of processing capacity, and over 90% of the production of high-performance rare earth magnets. The U.S. and Europe, in contrast, are only now scrambling to restart projects that were shuttered decades ago. A handful of non-Chinese companies exist, but together they supply only a single-digit percentage of world demand. Western economies remain deeply reliant on China’s output for everything from electric vehicle motors to jet fighter components.

Critically, know-how and human capital have also atrophied in the West. “For the last 20 years, anyone getting into rare earth processing has been buying Chinese machinery, Chinese manuals, and bringing in Chinese engineers to show them how to do it,” Lifton explains. There is virtually no continuity of expertise in North America or Europe when it comes to processing rare earths into metals, alloys, and magnets – those skills migrated to China along with the industry. Now, with Beijing forbidding exports of that machinery and technical assistance, Western plans to “secure our own supply” face a huge hurdle. It’s as if the training wheels have suddenly been yanked away, and the West must ride the rare earth bicycle on its own.

Lifton is blunt about the timeline: The U.S. cannot magically

recreate a full rare earth magnet supply chain overnight, or even in a year or two. “Can we develop the machinery and train ourselves in the technology? Sure – but not quickly,” he says, estimating it would take 5 to 10 years of concerted effort to reach meaningful self-sufficiency. Industry analysts agree this is a long game. Despite government grants and mandates in the U.S. (from the Pentagon, Department of Energy, etc.) to jump-start domestic rare earth production, progress has been slow. New mines, refineries, and magnet factories are still years away from significant output. One recent assessment noted that the U.S. rare earth supply chain wouldn’t be fully up and running until *2027 at the earliest* – “if ever”. In the meantime, Western companies remain vulnerable to supply disruptions. Even as of late 2025, American electric vehicle makers and defense contractors have few alternatives to Chinese materials, aside from dipping into stockpiles or paying extreme premiums for the scant non-Chinese supply.

This vulnerability isn’t just theoretical – it directly affects national security. Rare earth elements are indispensable for modern militaries. They go into precision-guided missiles, drones, fighter jet engines, anti-submarine sensors, and much more. A Defense Department study found that an F-35 fighter jet contains about 920 pounds of rare earths, and a single Virginia-class submarine needs over 4 tons. Magnets made from neodymium, samarium, dysprosium, and terbium power the actuators and motors in advanced weapon systems. If China cuts off the magnet supply, assembly lines for missiles and aircraft could grind to a halt once existing inventories are exhausted. In fact, researchers recently estimated that China’s tighter rare earth controls could impact more than three-quarters of the U.S. defense supply chain. It’s a staggering strategic dependence – one that China’s leaders plainly recognize.

Beijing, for its part, has been preparing for this decoupling.

Over the past two decades, China's Belt and Road Initiative has cultivated a vast network of alternative markets across Asia, Africa, and the Middle East – new customers for Chinese high-tech exports and infrastructure. As Lifton points out, China could redirect rare earth products to its own domestic needs and to these partner countries, and barely feel a pinch from losing U.S. orders. "We are not such a big market for Chinese rare earth magnets that they can't live without us," he notes. Roughly 80% of the rare earths produced in China are consumed in China (to feed its booming electronics, automotive, green energy, and defense industries). The U.S. accounts for only a relatively small slice of China's rare earth exports – Lifton estimates perhaps *5% of China's magnet output* goes to America. Indeed, recent trade data bears this out: even as China's overall rare earth magnet exports hit record highs, shipments to the U.S. have been declining (with the slack taken up by other buyers). In economic terms, Beijing has much less to lose in a rare earth embargo scenario than Washington does. Xi Jinping's government is effectively saying, "You said you'd rebuild your own rare earth supply chain – go ahead and do it. We're not helping you anymore."

Optics and Leverage: Why Trump Walked Away

Facing this reality, President Trump has chosen to skip the face-to-face meeting with Xi rather than show up empty-handed. The two leaders were slated to meet at a summit in late October in South Korea (which would have been their first encounter since 2019)/ But after China's rare earth gambit, Trump announced on social media that "now there seems to be no reason" to meet with Xi. In Lifton's view, this decision boils down to optics. "If there's one thing we know about Donald Trump, he

doesn't like to be embarrassed," Lifton says. Walking into a summit where Xi holds all the high cards – and could effectively tell Trump "you started this trade war, and I'm finishing it" – risked making Trump look weak. Rather than be the supplicant seeking critical materials, Trump prefers to flip the table.

In response to China's expanded export restrictions on rare earth materials, President Trump announced plans for new 100% tariffs on all Chinese imports, slated to take effect November 1. He also signaled forthcoming export controls on U.S. technologies – including select software, semiconductor, and aviation components destined for China .

Rather than pursuing renewed dialogue, the Trump administration appears intent on intensifying trade pressure, aiming to demonstrate resolve in the face of China's tightening grip on critical minerals. The move reflects a strategy rooted in optics as much as policy – projecting strength at a moment when Beijing's rare earth restrictions have highlighted Western vulnerabilities in advanced manufacturing supply chains.

According to Jack Lifton, both Trump and Xi are leaders deeply conscious of image and public perception. "Both these men live on optics, on appearances," he observes. At present, Xi's position appears stronger: China's domestic rare earth and magnet industries are largely self-sufficient, allowing Beijing to assert control without immediate economic fallout. Trump, meanwhile, risked appearing on the defensive had he attended the summit without a clear path to address the supply imbalance. His withdrawal may therefore be viewed as a calculated tactical pause – an effort to avoid entering negotiations from a position of weakness.

Yet, the fundamental stalemate remains unresolved. China continues to leverage its dominance across the critical minerals

value chain, while the United States has limited short-term capacity to respond in kind. Washington's earlier restrictions on advanced semiconductors dealt a blow to Beijing's tech ambitions, but China's countermeasures in rare earths reveal how effectively it can retaliate through resource control. As Lifton notes, Western policymakers long underestimated China's ability to weaponize its material advantage.

The U.S. response — from mine subsidies to magnet factory investments — is gaining momentum but remains years away from maturity. For now, the imbalance persists, and the postponed Trump–Xi meeting underscores how resource dependency has become a defining factor in geopolitical strategy.

In Lifton's assessment, the situation represents a high-stakes equilibrium rather than a resolution. "We are, in the near term, constrained," he remarks — a sober acknowledgment that rebuilding industrial capability in critical minerals will require sustained effort, expertise, and time. As both sides hold their ground, China's dominance in critical minerals stands as one of the most consequential battlegrounds of the 21st-century technology race. The decision to forgo the summit is not the end of the confrontation, but another step in a long-term contest where access to strategic materials — not tariffs alone — will determine the balance of power.