

China Has Turned Rare Earths Into a Market of Permission

written by Tracy Hughes | September 4, 2026

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Some Chinese rare earth suppliers have stopped shipments to the United States—not because mines have ceased producing or buyers have refused to pay, but because exporters fear becoming entangled in the widening geopolitical contest between Washington and Beijing. The interruptions, [reported](#) earlier today, come only weeks before an anticipated visit by Chinese President Xi Jinping to Washington.

For financial markets, the distinction matters. In a conventional commodity market, a sufficiently high price should attract supply. In a strategically controlled market, price may be secondary to whether a shipment is approved, whether an end user is acceptable and whether an exporter believes completing the transaction is politically safe.

That is the central argument running through Core Consultants' new 113-page ***Global Rare Earths Outlook 2026–2030***. Prepared by Lara Smith for Core Consultants and Metal Intel Research, the report describes the present disruption not simply as another commodity cycle, but as a “control shock” affecting materials, processing equipment, technical knowledge and access to finished magnets.

Core's analysis arrives as the rare earth market is again being pulled into the center of the US-China relationship. Its findings suggest that investors still concentrating principally on resource size, grade and projected mine production may be looking at the wrong end of the supply chain.

Fifteen years ago, the rare earth crisis followed a familiar pattern. China restricted exports through quotas and duties, prices rose dramatically, investors financed new supply and governments challenged the measures through the World Trade Organization. The [WTO ultimately found](#) that China's export restrictions on rare earths, tungsten and molybdenum were inconsistent with its trade obligations.

The price increases proved powerful but temporary. Dysprosium oxide climbed from approximately US\$91 per kilogram in early 2009 to US\$2,377 per kilogram in August 2011, according to the figures assembled by Core. Neodymium oxide, which had traded between roughly US\$6 and US\$18 per kilogram, rose to approximately US\$338.

That price shock brought new investment, substitution, conservation and speculative stockpiling. It also produced one of the sector's defining corporate failures.

Molycorp went public at US\$14 per share in July 2010, and its shares climbed to US\$79.16 the following May as investors sought exposure to a Western rare earth champion. The company later acquired Neo Material Technologies for approximately US\$1.1 billion and expanded aggressively just as rare earth prices began to weaken. Burdened by high costs, operational challenges and a deteriorating market, Molycorp filed for Chapter 11 bankruptcy protection in June 2015.

The market confronting investors today is different. China's [April 2025 export controls](#) placed samarium, gadolinium, terbium,

dysprosium, lutetium, scandium and yttrium-related products under a licensing regime. The controls followed those elements into their oxides, metals, alloys, compounds and certain permanent magnet products.

Beijing widened the architecture in October 2025 to include five additional rare earth elements, dozens of categories of processing equipment, technology transfer restrictions and rules potentially reaching products manufactured outside China but containing Chinese-origin material or technology.

The late-2025 agreement between President Donald Trump and Xi Jinping [suspended the October expansion for one year](#). It did not remove the April licensing requirements.

Core calls the result a pause rather than a settlement. The October measures are scheduled to return around November 10, 2026, unless the two governments reach another understanding. The machinery for escalation has already been written; it does not need to be invented during the next dispute.

That has created something unusual in commodity markets: two prices for what appears to be the same material.

Core cites August 2026 indications of approximately US\$210 per kilogram for dysprosium in China, compared with offshore quotations ranging from US\$575 to more than US\$2,500. Terbium was indicated at approximately US\$990 per kilogram inside China and between US\$2,050 and more than US\$4,500 in offshore channels.

The spreads are too wide to be understood as ordinary freight or transaction costs. They incorporate licensing risk, traceability, product specifications, limited inventories and the scarcity value of material that can actually be delivered outside China.

Nor do they represent a simple arbitrage opportunity. A Western manufacturer cannot necessarily purchase at the Chinese domestic price, move the material across the border and capture the difference. The right to complete the transaction has itself become part of the commodity's value.

This explains why Core's most important figures do not concern mine production. China accounts for approximately 69–70% of global rare earth mining, but the report estimates that it controls about 91% of light rare earth separation, approximately 99% of commercially significant heavy rare earth separation, 90–92% of metal and alloy production and 92–94% of sintered NdFeB magnet manufacturing.

The concentration becomes more pronounced as material approaches its final industrial use. A mine produces ore and concentrate. An electric vehicle motor, wind turbine, missile system or precision actuator requires separated oxides, metals, alloys and magnets manufactured to exact specifications.

This is why discovering another deposit does not necessarily make the supply chain more secure. A project without demonstrated metallurgy, financing, separation capacity and a qualified customer may increase the world's mineral inventory without producing anything that an automotive or defense manufacturer can use.

The same problem complicates the way rare earth projects are valued. Total rare earth oxide, or TREO, is often presented as though every tonne has comparable economic value. It does not.

Neodymium and praseodymium underpin high-performance permanent magnets. Dysprosium and terbium help those magnets retain their performance under demanding temperatures, while samarium is important to specialized aerospace and defense magnets.

Cerium and lanthanum have established industrial uses, but they typically command far lower prices. A mine developed to produce NdPr may also be forced to separate, transport, store or sell much larger quantities of these lower-value elements.

Core describes this as the basket problem. A large resource dominated by cerium and lanthanum may carry less economic and strategic value than a smaller resource containing a higher proportion of recoverable magnet rare earths.

The appropriate calculation must therefore go beyond grade and contained tonnes. It must consider the proportion of each element, individual recoveries, separation costs, impurities, customer specifications and the percentage of the quoted oxide price that the producer will actually receive.

Core applies that discipline through a 35-point project scorecard measuring resource composition, heavy rare earth exposure, metallurgy, capital efficiency, financing, customer qualification and downstream integration.

Lynas Rare Earths Limited (ASX: LYC) receives the highest score at 31. Arafura Rare Earths Limited (ASX: ARU) follows at 29, while MP Materials Corp. (NYSE: MP) and Iluka Resources Limited (ASX: ILU) each score 28. Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR) receives 24.

These are not stock recommendations, and Core states that it or its associates may hold positions in companies discussed in the report. The rankings are more useful as a demonstration of why an operating separator with customers and sovereign support should not be valued in the same manner as a company with an early-stage mineral resource.

Lynas has an operating mine, established separation facilities and a qualified customer base. MP Materials has moved beyond

concentrate production into separated NdPr and magnet manufacturing, supported by a US government arrangement that includes financing, offtake and a US\$110-per-kilogram NdPr price floor.

Iluka's Eneabba refinery is backed by Australian government financing and is designed to process monazite feed containing both light and heavy rare earths. Arafura's Nolans project has reached a final investment decision and secured long-term commitments from industrial customers, moving its principal risk from financing toward construction, commissioning and execution.

Government support changes the investment calculation, but it does not repeal chemistry. A grant cannot guarantee metallurgical recoveries. A loan does not qualify a product with an automotive customer, and a political designation cannot make an unbuilt separation plant operate on schedule.

The report is equally restrained on recycling. Core estimates that recycled material may supply only approximately 5–9% of rare earth demand by 2030. Many of the magnets being installed in vehicles and wind turbines today will not return to the recycling system for another decade or longer, while collection, disassembly and material identification remain difficult.

Recycling will become increasingly important as the installed stock of magnets matures. It cannot, however, provide an immediate replacement for new mine production, separation capacity, metal and alloy conversion and magnet manufacturing.

The question now facing investors is not whether rare earth demand will grow. Electric vehicles, wind turbines, robotics, automation and defense systems all point toward rising demand for high-performance magnets. The more difficult question is which companies can remain solvent long enough to build the necessary capacity—and whether they can deliver a qualified

product before the geopolitical window changes again.

Core assigns a 55% probability to an extension of the present US-China arrangement beyond November, a 25% probability to partial or full reinstatement of the October controls and a 20% probability to a broader agreement that also suspends the April measures. These are scenarios, not predictions, but they illustrate the asymmetry confronting the market.

An extension would leave much of the existing licensing architecture intact. Reinstatement could quickly affect additional elements, equipment, technology and foreign-made products. A broader settlement could reduce scarcity premiums and expose marginal Western projects to renewed price pressure from Chinese supply.

The strongest rare earth companies may therefore resemble strategic infrastructure more than conventional mines. Their value lies not only in the material they produce, but in their ability to keep producing through weak prices, regulatory changes and interruptions in the international trading system.

That does not mean every Western rare earth project deserves a geopolitical premium. The history of Molycorp argues precisely the opposite. Strategic necessity may attract capital, but only commercially disciplined companies will convert that necessity into durable shareholder value.

Core Consultants has made the complete 113-page ***Global Rare Earths Outlook 2026–2030*** available without charge. Readers can examine its data, company scorecards, pricing analysis and investment framework by [clicking here](#).

In rare earths, the defining question is no longer simply who owns the resource. It is who controls the route from the ground to the magnet—and who retains permission to use it.