Xi Leaves Washington, China's Critical Minerals Leverage Remains.

written by Jack Lifton | September 28, 2026

President Xi Jinping's visit to Washington has concluded. For American manufacturers dependent on Chinese critical minerals, the most consequential result is what the governments have yet to announce: a concrete resolution of the supply restrictions affecting their businesses.

The White House's September 25 fact sheet says the two countries "continue to work on" American concerns about shortages of rare earths and other critical minerals. It describes restoring shipments as a goal. It provides no material specific delivery schedule, published licensing reform, or enforceable assurance of continuing access. That acknowledges the problem remains.

A factory cannot operate on a diplomatic communiqué. Its purchasing manager needs to know which material will arrive, in what quantity, to what specification, and when. Until those questions have dependable answers, I see little reason to revise my judgment that China retains the upper hand in these particular industrial supply chains.

My starting point remains the two leaders' motives. I regard their objectives as similar in form: retain political power, maintain their nations' positions in the world economy, and preserve the military capabilities necessary to defend themselves and enforce their mandates by non-economic means. Those objectives do not require either leader to resolve every disagreement. They may instead favor an accommodation that preserves commerce, reduces immediate political pressure, and leaves important bargaining instruments in place. That appears to be the situation after this visit.

The strongest argument for Trump is that preventing escalation has value. Keeping negotiations alive can protect businesses from a further deterioration in conditions and give the United States time to develop alternatives. The summit also produced announced arrangements on trade and investment, including recommendations for more favorable tariff treatment on $30 billion of non-sensitive goods in each direction. Those measures should be assessed on their own merits.

But the critical minerals question is more demanding. What has changed in an American manufacturer's ability to obtain the inputs it needs? On the public record, that improvement has yet to be demonstrated.

Trump benefits politically from visible transactions and evidence that his personal diplomacy produces results. The risk is that the political value of an announcement arrives before its industrial value—and that the announcement is accepted as proof that the underlying vulnerability has been addressed. Xi faces a different calculation. He benefits from showing that China cannot be coerced and that its industrial position must be respected. He also needs continuing economic activity and foreign customers. From that perspective, leaving Washington with negotiations intact and no publicly announced surrender of control over critical minerals access may be an acceptable outcome.

This is my interpretation of the incentives, not a claim to know either man's private thoughts. But it helps explain why a cordial meeting can coexist with an unresolved industrial problem. China does not need to control the American economy as a whole to influence American decisions. It needs sufficient control over particular inputs that important American industries cannot replace promptly. A comparatively inexpensive material can determine whether a very expensive product can be manufactured. Its commercial value is therefore a poor measure of the economic damage its absence can cause.

The International Energy Agency has documented production reductions and temporary shutdowns among automakers following China's rare earth export restrictions. The industrial consequences of concentrated supply are already observable.

Selective licensing can serve Beijing's interests more effectively than a comprehensive embargo. Shipments can continue while access remains conditional. Individual shortages can be relieved without relinquishing the authority to approve, delay, or restrict future deliveries. An American customer receiving material again may experience meaningful relief. The strategic dependence can nevertheless remain. There is an argument against pressing that advantage too far, and China's leadership has reasons to take it seriously.

Chinese producers need customers. Repeated interruptions encourage those customers to stockpile, redesign products, qualify alternative suppliers, and support government spending on competing capacity. Restrictions can also encourage countries that disagree on other matters to cooperate on reducing their dependence.

China's own economy adds to the incentive for restraint. The IMF has identified weak domestic demand and the prolonged property downturn as important challenges. Disrupting foreign demand would complicate efforts to sustain Chinese production and employment. Xi's trade-off is therefore between extracting concessions from dependence and preserving the commercial relationships that make that dependence valuable.

I expect Beijing to keep trying to do both. Over the next three to six months, I would expect further bargaining and potentially selective improvements in supply. I would not yet assume a general normalization of access. Manufacturers should judge progress through approved licenses, actual deliveries, reliable lead times, and coverage of the specific materials and end uses they require. Over the next one to three years, I expect increased efforts to construct alternative supply chains. But their success cannot be measured by the number of announced mining projects.

For rare earth magnets, the chain includes separation, refining, metal and alloy production, magnet manufacturing, and customer qualification. Each stage must work at the required scale and with consistent quality. The IEA finds that diversification efforts remain uneven, with processing and downstream capacity lagging mining ambitions.

Investors should also recognize a difficult commercial consequence of diplomatic relief. If Chinese supplies become more readily available, customers may return to established suppliers. That can make financing alternative production harder even though the reason for building it has not disappeared. A temporary improvement in availability does not eliminate the need for resilience. It can, however, weaken the immediate willingness to pay for it.

This is where American policy must demonstrate consistency. Public support should be judged by the additional operating capability it creates, its cost, and the vulnerability it actually reduces. Financing announcements and higher share prices cannot answer those questions.

The visit has left both leaders room to claim progress. It has also left American industry awaiting a demonstrable solution to a problem that summit diplomacy alone cannot resolve. China’s advantage rests on industrial capabilities accumulated over decades. America will change that balance by bringing dependable alternative capabilities into operation.

Xi has returned home. The decisive work for the United States remains in its factories, refineries, laboratories, and construction sites.