

China's Rare Earth Magnet Exports to the US Surge in June 2025

July 20, 2025

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In a striking rebound, China's exports of rare earth magnets to the United States soared in June 2025, reaching levels more than seven times higher than in May. This surge, driven by a recent trade agreement, underscores the critical role these minerals play in industries such as electric vehicles and wind turbines.

Official data from China's General Administration of Customs, released on July 20, 2025, revealed that shipments to the U.S. hit 353 metric tonnes in June, a staggering 660% increase from the previous month. This recovery follows a tense period of restricted exports earlier in the year. The breakthrough came after negotiations in June resolved disputes over rare earth shipments, with U.S. chipmaker Nvidia agreeing to resume sales of its H20 AI chips to China as part of the deal, according to a *Reuters* report.

China, which controls over 90% of the global supply of rare earth magnets, had imposed export restrictions in April 2025 in response to U.S. tariffs. The move, which targeted several rare earth elements, disrupted global supply chains, forcing some automakers outside China to pause production due to shortages. The lengthy process of securing export licences in April and May exacerbated these disruptions, rattling industries reliant on these critical materials.

Globally, China's rare earth magnet exports reached 3,188 tonnes in June, a 157.5% jump from May's 1,238 tonnes, though still 38.1% below June 2024 levels. Industry analysts predict further recovery in July as more exporters secured licenses in June. However, the first half of 2025 saw an 18.9% year-on-year decline in exports, totalling 22,319 tonnes, reflecting the lingering impact of earlier restrictions.

The trade deal has sparked cautious optimism. In a recent interview with *Reuters*, US Commerce Secretary Howard Lutnick noted that Nvidia's chip sales were integrated into the broader agreement on rare earths, highlighting the strategic interplay between technology and critical minerals. Yet, some U.S. lawmakers expressed concerns over the security implications of easing restrictions on AI chip sales to China, fearing potential military applications.

This development raises questions about the balance of power in global trade. China's dominance in rare earths gives it significant leverage, and the U.S.'s reliance on these materials exposes vulnerabilities in its industrial base. As both nations navigate this uneasy truce, the stability of global supply chains hangs in the balance.

The road ahead remains uncertain. While the June surge signals progress, analysts warn that export volumes may not soon return to 2024 levels. The complex licensing system, described as cumbersome by industry groups, continues to pose challenges. For now, the trade agreement has provided a lifeline to industries dependent on these vital components,

but the broader implications of this strategic exchange will likely shape US-China relations for months to come.