Prewave

Supply Chain Analysis
July 29, 2026

China Export Controls: July Update

Controls 2023-25, what changed in July 2026, and what happens after November 10

Disclaimer: This assessment reflects the position as of 29 July 2026. It is a framework for understanding current exposure, not a prediction of how the situation resolves.

CONFIDENCE FRAMEWORK

[C] confirmed by a named source · [M] model or analytical estimate · [A] assumption flagged. Numbers without a marker are derivations from confirmed inputs.

EVIDENCE STANDARD

This analysis is built on primary and near-primary sources: MOFCOM announcements, the International Energy Agency, the European Council and Commission, US government publications, major law firms quoting or translating the underlying rules, and CLEPA and ACEA on automotive impact. Where a claim rests on anything weaker, it is marked in place or omitted.

About this report

This is a supply chain analysis, not a market forecast. It exists to answer one question for procurement and supply chain risk teams: **which Chinese export controls are actually in force right now, what changed in July 2026, and what could happen on 10 November 2026.**

Most coverage of China's export controls treats them as a single story with a single switch. They are not. They are distinct legal tracks with different scopes, different targets and different expiry dates, which have been built up since 2023.

Some are suspended. Most are not. The commercial consequence of getting that distinction wrong is large, because the regime that licenses the permanent magnet in an EV traction motor is not the regime that made headlines in October 2025, and it is not the one that was paused.

The report is structured in three parts:

- **Part One** sets out how the current architecture was built between 2023 and 2025, with particular attention to the October 2025 package.
- **Part Two** is the current picture, covering the three developments of July 2026 and the earlier 2026 changes that shape how the regime now operates.
- **Part Three** looks at 10 November 2026, when the suspension of the October 2025 package is scheduled to lapse. It sets out what expires and what does not, the diplomatic and operational calendar around the date, four scenarios and a dated action sequence.

This report does not assign probabilities to the November outcome. That outcome is a political decision, and no source we could identify publishes numbers on it. Where we have added our own reasoning rather than reporting someone else's, it is marked and attributed. It does not model commodity volumes, inventory days or company-level exposure. It does not name any company as affected that has not been named in a published official measure.

Part One: What happened, 2023 to 2025

1.1 The architecture was built in stages, not all at once

China's leverage over strategic minerals is not new, and neither is its willingness to use it. The 2010 halt in rare-earth shipments to Japan during a maritime dispute established the precedent: exports fell sharply, prices rose, and the episode demonstrated how quickly global supply could be squeezed. [C]

What changed from 2023 onwards was the shift from ad hoc disruption to a permanent legal architecture, added one layer at a time. Each step used the same instrument, the dual-use export licence, and each widened the surface area of the regime without changing its legal basis. That is why the current picture is confusing: there is no single rule to point at, only a stack of measures with different scopes and statuses.

1.2 Timeline: how the current regime was assembled

DATE	MEASURE	WHAT IT DID	STATUS TODAY
Sept 2010	Rare-earth shipments to Japan halted during a maritime dispute	Established the precedent. Exports fell sharply and prices rose	Precedent only, no instrument in force
Jul 2023	Export licence controls on gallium and germanium	First application of dual-use licensing to strategic minerals	In force
Late 2023	Graphite brought under export licensing	Extended the same instrument to battery anode material	In force
Dec 2023	Ban on exporting rare-earth extraction and separation technology	Kept processing know-how inside China. The origin of the technology track later widened by Announcement No. 62	In force
2024	Antimony added to licence control	Ammunition, flame retardants, semiconductor applications	In force
3 Dec 2024	**Announcement No. 46**	Prohibited dual-use exports to US military end users or end uses. Licence applications for gallium, germanium, antimony and superhard materials bound for the US to be refused as a principle, with stricter end-use review for graphite	Article 2 **suspended to 27 Nov 2026** [C, Pillsbury]
Early 2025	Tungsten, tellurium, bismuth, indium and molybdenum added	Widened the item list again, reaching tooling and electronics inputs	In force
4 Apr 2025	**MOFCOM and GAC Announcement [2025] No. 18**	Seven medium and heavy rare earths (Sm, Gd, Tb, Dy, Lu, Sc, Y) plus their compounds, metals, alloys and permanent magnets, under global per-shipment licensing. Captures samarium-cobalt and any Dy- or Tb-bearing NdFeB grade	**In force. Never suspended.** Licenses most permanent-magnet shipments

DATE	MEASURE	WHAT IT DID	STATUS TODAY
Apr to Jul 2025	The licensing bottleneck bites	The IEA records that these controls forced some automakers to reduce production or temporarily suspend operations. CLEPA reported the shutdown of several production lines and plants across Europe, and that of hundreds of applications submitted since early April, only around a quarter appeared to have been approved	Historical, and the closest available template for what a lapse looks like [C, IEA; CLEPA]
9 Oct 2025	**Six proclamations, principally Nos. 55 to 58, 61 and 62**	The step change. Extraterritorial 0.1 percent by-value rule, technology and services rules, a Chinese 50 percent affiliates rule, processing equipment, five further rare earths, lithium battery and superhard materials, denial in principle for foreign military end users. See 1.4	**Suspended to 10 Nov 2026**
21 to 31 Oct 2025	EU secures confirmation that the suspension applies to the bloc	Wang Wentao and Šefčovič meet; China confirms at senior official level that the suspension extends to the EU	The basis of current EU coverage [C, European Commission]
30 Oct 2025	Trump and Xi meet in Busan	Political agreement to de-escalate	Framework for everything that follows
7 to 10 Nov 2025	**Announcements Nos. 70 and 72**	Suspended the October package to 10 Nov 2026, and Article 2 of No. 46 to 27 Nov 2026. US suspended its own BIS Affiliates Rule on the same timetable	The clocks now running [C, Clark Hill; Pillsbury]
1 Dec 2025	Date the extraterritorial provisions would have taken effect	Never arrived, because the suspension intervened. This is the provision that returns on reinstatement	Dormant, not cancelled
From Dec 2025	General licences begin issuing, to Chinese producers and to European companies	Allow repeated shipments to pre-approved buyers. Supplement the framework rather than replacing it	Active. Coverage still partial [C, European Commission]

1.3 April 2025 is the regime that still binds

On 4 April 2025, MOFCOM and the General Administration of Customs jointly issued Announcement [2025] No. 18, placing seven medium and heavy rare earths under export licence control: samarium, gadolinium, terbium, dysprosium, lutetium, scandium and yttrium, together with their compounds, metals, alloys and permanent magnets. [C, Taylor Wessing]

- **It applies to everyone.** The controls are global, not US-specific. European buyers were never carved out.
- **It captures the magnet, not just the metal.** High-performance sintered neodymium-iron-boron magnets, the kind used in EV traction motors, direct-drive wind generators and industrial actuators, contain dysprosium or terbium to hold coercivity at temperature. Samarium-cobalt magnets are captured directly. Because those elements are on the list, the finished magnet is licence-controlled. [C]
- **It was never suspended.** No. 18 was not among the announcements named in the November 2025 suspension notices, and remains fully in force. Most permanent-magnet shipments still require a licence today. [C, Taylor Wessing; Morrison Foerster]
- **It is per-shipment by default.** The exporter applies for a licence for each consignment containing a controlled element, unless a general licence is in place. [C]

1.3.1 Where the buyer has leverage

The application is formally submitted by the Chinese exporter. MOFCOM requires detailed and verifiable information on end use and end user, and applications are subject to rigorous scrutiny.

In practice Chinese suppliers are heavily reliant on the cooperation of their European customers to obtain that information, and completing the forms with the greatest possible precision is what determines whether an application moves or stalls. [C, Taylor Wessing]

CLEPA makes the same point from the industry side: Chinese suppliers of permanent magnets rely on their European customers as much as European manufacturers depend on Chinese materials. [C, CLEPA]

1.4 October 2025 in detail: the package that returns in November

On 9 October 2025, MOFCOM issued six proclamations extending controls over rare-earth materials, equipment and technology, lithium batteries and superhard materials. The measures were taken under Article 49 of China's Regulation on Export Control of Dual-Use Items, which permits extraterritorial application, and a MOFCOM spokesman framed them as a response both to diversion risk and to the US export control expansion of 29 September 2025 affecting affiliates of listed parties. [C, Mayer Brown; White & Case]

Notice No. 61, paired with the technology-transfer Notice No. 62, requires any product containing 0.1 percent or more by value of Chinese-origin rare-earth elements, or produced using Chinese rare-earth technologies, to obtain a Chinese export licence before it can be re-exported anywhere in the world.

1.4.1 What the package contains

COMPONENT	EFFECT
No. 61, Category 1	Chinese-origin products containing listed rare-earth metals, alloys, oxides, permanent magnets or sputtering targets require an export licence
No. 61, Category 2	Foreign-made products containing, incorporated with or commingled with Chinese-origin listed rare earths at **0.1 percent or more of item value** require a Chinese licence before export or re-export between third countries
No. 61, Category 3	Items produced abroad **using controlled Chinese rare-earth technology** for extraction, separation, metal smelting, magnet manufacturing or recycling are also captured
Chinese affiliates rule (50 percent rule)	Presumptive denial of licence applications from importers majority-owned by parties on Chinese control lists. The mirror image of the US BIS Affiliates Rule of 29 September 2025 [C, White & Case]
No. 56	Controls on rare earth production and processing equipment and parts, reaching the tooling needed to build capacity outside China
No. 57	Five further medium and heavy rare earths: holmium, erbium, thulium, europium and ytterbium, at various stages of processing, plus mixtures and magnets containing them
No. 62	Controls on rare-earth technology including design drawings, process specifications, parameters, procedures and simulation data, and on intangible transfers such as licensing, joint research and technical consulting. Also restricts Chinese persons from providing substantial assistance or support to overseas rare earth or magnet production and recycling [C, Pillsbury]
Lithium battery and superhard materials	Parallel controls on lithium battery materials and on superhard materials including synthetic diamond products and related deposition equipment
End-use posture	Licences for foreign military end users refused in principle. Tightened end-use review for advanced computing semiconductors and AI with potential military application, including chips at 14 nm and below and memory devices above 256 layers
Documentation	A Declaration of Compliance must accompany shipments, stating rare-earth origin and value share, and notifying downstream users of the onward licence requirement

[C, composite of Pillsbury, Mayer Brown, White & Case, and CSET's English translation of the No. 61 text]

1.4.2 The 0.1 percent mechanic is what gives the rule its reach

The threshold is measured by **value**, not by weight. That single choice is what converts a materials control into a control over finished assemblies.

Dysprosium is typically under three percent of a sintered NdFeB magnet by mass, but a much larger share of its value, because heavy rare earths are the expensive component of a high-temperature grade. So a magnet using a heat-stable grade clears the 0.1 percent test comfortably, and so does the motor, actuator or drive assembly containing it. In practice the rule covers almost all permanent magnets and a wide range of electronic components. [C]

For an automotive bill of materials, the implication is that the controlled item is not the kilogram of dysprosium oxide anyone can see in a purchasing record. It is the traction motor, the sensor cluster, the electric power steering unit and the seat motor, none of which appear in a rare-earth exposure report unless someone has deliberately mapped the material content down to that level. [M]

1.4.3 The technology rule captures supply built specifically to avoid China

Category 3 reaches items made outside China with no Chinese material content at all, if the production process used controlled Chinese extraction, separation, smelting, magnet-making or recycling technology. No. 56 controls the plant and parts a new entrant needs to build separation or magnet capacity. No. 62 restricts Chinese personnel from supporting overseas rare earth and magnet production and recycling.

Much of the specialised processing equipment used in rare earth refining is manufactured in China, so jurisdictions building independent processing capacity face a dual dependency, on Chinese processing capacity in the short term and on Chinese-manufactured processing technology in the medium term. [C, IEA]

A supplier's freedom from Chinese material is therefore not the same as freedom from Chinese jurisdiction, and a project's freedom from Chinese equity is not the same as freedom from Chinese inputs.

1.4.4 Automatic denials for military

For foreign military end users, licences are to be **refused in principle**. That is not a queue, it is a closed door, and it is why defence-adjacent product lines behave differently from civilian ones in every scenario in Part Three.

For advanced AI, the posture is a **tightened end-use review** against specific technical thresholds rather than a prohibition. Reporting indicates this review posture has remained active during the suspension period. [C]

1.5 Suspension until November 2026, and who it covers

Trump and Xi met in Busan on 30 October 2025. Between 7 and 10 November, MOFCOM issued the implementing notices. [C]

- **Announcement No. 70** suspended the October 2025 rare-earth package for one year, through **10 November 2026**, together with the associated controls on superhard materials, synthetic diamond products and related deposition equipment, and on rare earth production and processing equipment. [C]
- **Announcement No. 72** suspended Article 2 of Announcement No. 46, the US-specific gallium, germanium, antimony and superhard materials measure, through **27 November 2026**, returning those items to standard licensing. [C, Clark Hill]
- On the US side, BIS suspended the Affiliates Rule, the 50 percent ownership extension of the Entity List, with the changes to be added back into the EAR after 10 November 2026. [C, Pillsbury]

What the truce did not touch. It did not suspend Announcement No. 18. It did not suspend the entity-listing track. It suspended a specific package with a specific expiry, and left the operating regime intact.

1.6 What is actually in force today

TRACK	WHAT IT COVERS	STATUS AS OF 28 JULY 2026	EXPIRY
Announcement [2025] No. 18 (4 Apr 2025)	Seven medium and heavy rare earths plus compounds, metals, alloys and magnets. Global scope, per-shipment licences unless a general licence applies	**In force.** Never suspended. Licenses most permanent-magnet shipments	None
October 2025 package (Nos. 55 to 58, 61, 62 and related)	0.1 percent by-value extraterritorial rule, technology and services rules, Chinese 50 percent affiliates rule, processing equipment, five further rare earths, lithium battery and superhard materials, military denial	**Suspended**, EU included, with the advanced-compute review posture reportedly still active	**10 Nov 2026**
Announcement No. 46, Article 2 (3 Dec 2024)	US-specific measure on gallium, germanium, antimony, superhard materials. The prohibition on dual-use exports to US military end users sits separately	**Suspended**, items under standard licensing	**27 Nov 2026**
Export Control List and Unreliable Entity List	Named-entity prohibitions plus a re-transfer bar reaching any party worldwide	**Fully active**, and now moving within days of a Western trigger	None
Japan-specific track (from Jan 2026)	Tightened controls on dual-use goods destined for Japan, including a military end-user prohibition, plus named entities	**Fully active.** Not affected by the suspension	None
Announcement No. 26 (1 Jul 2026)	Public reporting mechanism for suspected violations	**Live**	None

[C, composite of MOFCOM announcements as reported by Morgan Lewis, Pillsbury, Clark Hill, White & Case and Taylor Wessing, with the Japan track confirmed by the IEA]

1.7 The concentration that gives all of this force

The controls matter because the underlying capacity has not moved. The IEA's *Global Critical Minerals Outlook 2026*, published this month, sets out the position:

- China accounted for **60 percent** of global mined production of magnet rare earths in 2024, and **91 percent** of global refined output. Malaysia is a distant second in refining. [C, IEA]
- China's share of sintered permanent magnet production is **94 percent**, up from around 50 percent two decades ago. These are the magnets used in cars, wind turbines, industrial motors, data centres and defence systems. [C, IEA]
- Planned refining capacity reaches only around **two-thirds** of expected rare earth mine output by 2035. Planned magnet production amounts to only about **one-third**. Announced ex-China metals, alloys and magnet capacity totals roughly **18 kt** on a rare-earth content basis. [C, IEA]
- Economists at the ECB estimated that over **80 percent** of large European firms are no more than three intermediaries away from a Chinese rare earth producer. [C, ECB via European Parliament Research Service]

Part Two: What Happened in July 2026

2.1 Overview

China widened its export control posture on three separate tracks in July 2026, none of which are the "one big new rule" risk managers may be watching for. Instead, the risk is cumulative: an enforcement mechanism for strategic minerals took effect [C], a fast retaliatory listing hit 14 EU entities [C], and regulators opened consultations on tightening AI and chip export controls [C].

None of these individually rival the scale of the 2023 to 2025 rare earth licensing regime, but together they confirm China is now using export control tools reactively and on short timelines, a posture change procurement teams should plan around, not just the entities named this month.

Three developments, in order of when they'll bite

- **Strategic mineral enforcement went live on 1 July.** MOFCOM Announcement No. 26 of 2026 formalises a public reporting mechanism for violations of dual-use export controls on strategic minerals, inviting employees, competitors and other market participants to report suspected circumvention such as disguised exports, third-country routing or unauthorised technology transfer [C, Morgan Lewis, 1 Jul 2026]. This does not add new controlled items; it multiplies detection capacity for existing ones. Chinese exporters are already responding with more conservative compliance postures. Expect more documentation requests from Chinese suppliers, not fewer [C, Morgan Lewis]
- **A same-week retaliatory listing shows China can now respond to a trigger within 24 hours.** On 23 July the Council of the European Union adopted its 21st package of restrictive measures against Russia, which named companies based in mainland China and Hong Kong among those listed for circumvention of export restrictions [C, Council of the EU]. MOFCOM issued a counter-listing the following day, adding 14 EU entities to China's export control list with immediate effect, and barring any overseas party from re-transferring Chinese-origin dual-use items to them. Reported inclusions span multiple member states and reach a defence prime and a public university. [C on the Council package and the fact of the Chinese response; the composition of the Chinese list rests on third-party translation pending a law firm treatment or the MOFCOM text]
- **AI and chip export controls are under active consultation, not yet decided.** MOFCOM is reportedly consulting domestic AI and chipmaking groups on tightening controls aimed at preventing Chinese AI technology and start-ups from being acquired by Western buyers [C, Reuters citing FT, 21 Jul 2026]. This is a policy discussion, not a rule. Treat any specific scope or timeline claims as unconfirmed until MOFCOM publishes an announcement.

Action posture

Assume detection risk for existing rare-earth and dual-use compliance gaps has risen materially since 1 July. This is the highest-confidence, most immediate item. Screen counterparties and second-tier distributors against the 24 July EU entity list once its composition is confirmed, particularly if you have European defence, photonics or specialty-materials exposure in your supply base. Treat AI and chip control tightening as a watch item, not yet an action item.

2.2 Enforcement is the through-line

The backdrop is unchanged from Part One: the 2023 to 2025 licensing regime remains in force, and on 22 June 2026 China added 10 US entities, including rare-earth producers MP Materials and USA Rare Earth, to its export control list, prohibiting transfer of Chinese-origin dual-use items to them from any jurisdiction [C, Morgan Lewis citing MOFCOM].

Enforcement signals have sharpened domestically too. In June, a Chinese precision-optics company's chairman was placed under compulsory measures by Shanghai Customs over allegedly mislabelling germanium-containing lenses as ordinary optical glass to bypass licensing [C, Morgan Lewis]. Separately, two Japanese nationals were reportedly detained in Dalian in May 2026 over alleged rare-earth-related smuggling, among the first known detentions of foreign nationals tied to this control regime [C, Morgan Lewis, citing Japanese government confirmation].

Prices are consistent with a tightening environment rather than an easing one. The IEA records that critical mineral prices rebounded through 2025 and early 2026 as supply conditions tightened, a trend it attributes in part to the proliferation of new export restrictions from leading suppliers. [C, IEA]

One open catalyst remains on the supply side: MIIT's second-half mining quota had still not been published as of 1 July. [C]

2.3 The EU counter-listing mechanics

What triggered it. On 23 July, the EU Council adopted its 21st package of restrictive measures against Russia, naming 14 companies based in mainland China and Hong Kong that the EU says helped Russia circumvent export controls, specifically in microelectronics, CNC machine tools and semiconductor-manufacturing equipment [C, Bloomberg, 24 Jul 2026]. Beijing responded within 24 hours.

What is on the Chinese list, and why. MOFCOM's 24 July announcement (No. 30 of 2026) bans Chinese exporters from supplying the 14 listed EU entities with controlled dual-use items, bars any overseas party from re-transferring Chinese-origin dual-use goods to them, and orders in-progress transactions to stop immediately. An exceptional-case licensing channel remains open [C, Geopolitechs, translation of MOFCOM Announcement No. 30]. All eight represented countries have made national trade, financial or defence-industrial commitments to Ukraine, a common thread across the list, though it does not by itself explain every individual selection [C, Geopolitechs analysis].

By sector, the list weights toward defence and dual-use manufacturing, photonics, infrared and lasers, and specialty materials, precisely the categories where China holds a large or dominant share of feedstock supply:

SECTOR	ENTITIES ON THE LIST	MATERIAL EXPOSURE
Defence primes and systems integrators	4 entities across Germany, Czechia, France, Bulgaria	Antimony (ammunition), tungsten (armour, penetrators), rare-earth materials, gallium and germanium electronics
Photonics, infrared detection, lasers	4 entities across France, Poland, Lithuania, Bulgaria	Gallium, indium, germanium, cadmium, tellurium, nonlinear optical crystals (BBO, LBO, KTP, lithium niobate)
Materials, chemicals, specialist engineering	4 entities across Germany, Italy, France	Sputtering targets, lanthanum hexaboride ceramics, bonded rare-earth metals, tungsten, tantalum, molybdenum, specialist steels
Industrial motors and marine systems	2 entities across Italy, the Netherlands	Sintered NdFeB permanent magnets, neodymium, praseodymium, dysprosium, terbium, electrical steel
Academic research	1 university, Poland	Research-grade reagents, test wafers, lasers, semiconductor components. First time a Chinese counter-listing has reached an academic institution

[C, Geopolitechs, 24 Jul 2026. Sector groupings and material-exposure assessment are the outlet's own analysis, not MOFCOM's stated rationale]

The clause that matters most for supply chains not on the list. The re-transfer prohibition reaches beyond the 14 named firms: any distributor or intermediary anywhere in the world supplying Chinese-origin controlled content to these entities is also captured. This is the mechanism that turns a 14-company list into a broader screening obligation for European and allied supply chains generally [C, Geopolitechs].

2.4 The 2026 architecture sitting behind the July actions

July's three developments are easier to read alongside earlier 2026 changes that did not make the same headlines but shape how the regime now operates.

A parallel Japan regime, fully active and unaffected by the truce. The IEA records that in January 2026 China tightened export controls on dual-use goods destined for Japan, and treats this as evidence that underlying economic security risks remain notwithstanding the November 2025 suspension. [C, IEA] The measure covers dual-use exports to Japanese military end users, and subsequent announcements added named Japanese entities to control and watch lists through the first half of 2026. Watch List designation removes eligibility for general licences and triggers enhanced end-user review.

Two new regulations that create conflict-of-laws exposure. On 7 April 2026, China issued the Regulations on Industrial and Supply Chain Security, followed on 13 April by the Regulations on Countering Improper Extraterritorial Jurisdiction by Foreign States. Both took effect immediately with no grace period or transition arrangements. [C, Mayer Brown] For multinationals, the practical consequence is that complying with a foreign sanctions instruction may itself create exposure under Chinese law, which is a different category of risk from a licensing delay.

A May summit that produced commitments but not detail. Trump made a state visit to China from 13 to 15 May 2026. The White House fact sheet states that China will address US concerns on rare-earth and critical-mineral supply shortages, naming yttrium, scandium, neodymium and indium, and on restrictions affecting the sale of rare-earth production and processing equipment and technology. MOFCOM's own statement did not mention rare earths. Both sides agreed to establish a US-China Board of Trade and Board of Investment, with reciprocal tariff reductions on non-sensitive goods worth 30 billion dollars or more each side. Semiconductor export controls were not discussed. [C, White House; MOFCOM; Mayer Brown]

A measured tit-for-tat that stayed measured. The Pentagon updated its Section 1260H Chinese military companies list on 8 June. On 22 June, MOFCOM added 10 US entities to its export control list and China's Ministry of Finance barred government entities from purchasing from a list of mostly US defence companies. [C, Mayer Brown] Separately, the US Commerce Department delayed adding more than 100 Chinese companies to the BIS Entity List. [C, Reuters, 16 Jun 2026] Both sides are currently choosing calibrated responses over escalation.

A formal EU channel with a deadline. On 29 June, China and the EU launched the China-EU Trade and Investment Consultation Mechanism, a permanent ministerial forum, at a first meeting in Brussels between Commerce Minister Wang Wentao and Commission Executive Vice President Maroš Šefčovič. It established four standing workstreams, one of which is export controls on rare earths and critical raw materials, alongside trade and investment rebalancing, intellectual property and WTO reform. The two sides issued a joint statement, the first since 2019, and agreed a joint trade-monitoring mechanism. China gave assurances that existing controls on rare earths and permanent magnets will not disrupt EU supply chains. [C, European Commission]

2.5 Automotive and broader industrial impact

Headline: Indirect but rising exposure. No automotive OEM or Tier 1 is named in the July actions. The relevant signal is the mechanism, rapid list-based retaliation reaching materials and components automotive shares with defence, electronics and general industrial supply chains, rather than the specific entities. The Japan track is the exception, and it is already live.

What the last cycle actually did to the sector. This is the part worth grounding carefully, because it is the only empirical evidence available for what a lapse would look like.

- The IEA states that the rare earth export controls China introduced in April 2025 forced some automakers to reduce production or temporarily suspend operations. [C, IEA]
- CLEPA reported that the restrictions led to the shutdown of several production lines and plants across Europe, with further impacts expected as inventories depleted, and that the affected components are critical to both combustion engine and electric vehicles. [C, CLEPA, 4 Jun 2025]
- CLEPA reported that of hundreds of applications submitted since early April, only around a quarter appeared to have been approved, and described the process as opaque and inconsistent across provinces. [C, CLEPA]
- ACEA warned that stocks were approaching exhaustion and that production stoppages were possible, and that applications were taking a significant amount of time to process. [C, ACEA]
- By early July 2025 CLEPA reported the backlog shrinking and a significant share of urgent licences granted, which limited further disruption. [C, CLEPA, 2 Jul 2025]

That arc, disruption followed by administrative accommodation, is the pattern to hold in mind for November. The rules did not change during it. The administration of them did.

Mechanism now. Automotive supply chains draw on the same rare-earth, gallium, germanium and antimony inputs implicated across the current control tracks, through permanent magnets, sensors, power electronics and specialty alloys. The enforcement mechanism effective 1 July increases the likelihood that upstream Chinese suppliers tighten documentation and slow processing for any counterparty whose end use is ambiguous. [C, Morgan Lewis]

The exposure is not confined to automotive. The IEA's framing is the most useful one here: concentrated refining leaves large downstream value exposed across autos, batteries, defence, AI and power systems, which is what turns small mineral markets into outsized risks for large manufacturers. [C, IEA] The channel runs through shared upstream material processors and distributors rather than through direct dealings with any listed entity, which is why a company with no defence or photonics business can still be pulled into additional due diligence.

A second-order effect worth flagging. CLEPA noted that sustained disruption reinforces European efforts to diversify sourcing and to develop rare-earth-free electric motors. [C, CLEPA] Every disruption cycle accelerates substitution work that reduces Chinese leverage over the medium term, which is part of why full reimposition carries a cost for Beijing as well.

Part Three: What might happen on and around 10 November 2026

3.1 What actually expires, and what does not

10 November 2026 is not the start of an embargo. It is the scheduled expiry of a suspension. Unless Beijing extends, replaces or modifies it, the October 2025 announcements set out in 1.4 return. What returns is a licensing system with a presumption against approval for certain users and uses, not a blanket prohibition on every export of rare-earth material, equipment, technology or technical service. [C, Taylor Wessing]

Three separate clocks are running, and contingency plans need all three.

DATE	WHAT HAPPENS	SIDE
10 Nov 2026	Suspension of the October 2025 package expires. The 0.1 percent rule, technology and services rules, Chinese 50 percent affiliates rule, processing equipment controls, five further rare earths, lithium battery and superhard materials controls and military denial return unless extended	China
10 Nov 2026	BIS Affiliates Rule, the 50 percent ownership extension of the Entity List, is added back into the EAR	US
10 Nov 2026	Tariff arrangement expires: fentanyl tariff cut, reciprocal duty suspension, Section 301 exclusions	Both
27 Nov 2026	Suspension of Announcement No. 46 Article 2 expires. The US-specific gallium, germanium, antimony and superhard materials measure returns unless extended	China
Jan 2027	US defence acquisition restrictions on Chinese-origin magnets in defence systems take effect	US

[C, composite. The 17-day gap between the two Chinese expiries is a material planning detail rather than a rounding difference]

What does not expire. Announcement No. 18 has no sunset. Neither does the entity-listing track, the Japan regime, or the July reporting mechanism. In every scenario below, those remain.

A structural point about the November trade. Both sides suspended a 50 percent affiliates rule, and both restore on the same date. That symmetry cuts two ways: it gives each side a reason to extend together, and it means a lapse on one side has an automatic counterpart on the other. There is no version of 10 November in which only the Chinese measures return. [M]

3.2 What changes for a European manufacturer if the suspension lapses

Section 1.4 sets out the mechanics. Five consequences matter operationally:

- **The 0.1 percent by-value rule captures assemblies, not just materials.** Most NdFeB-containing assemblies fall inside the threshold. Exposure lands on the motor and the drive unit, not on the purchasing line item. [C]
- **The technology, equipment and services rules capture diversification projects.** Including ex-China capacity with no Chinese material in it, the tooling needed to build new capacity, and the Chinese expertise used to commission it. [C]
- **The Chinese 50 percent rule captures ownership structures.** Presumptive denial for importers majority-owned by listed parties turns a group structure question into a supply question. [C]
- **Military end uses are cut, not delayed.** Refusal in principle is a different operational problem from a long queue, and it does not respond to better documentation. [C]
- **The Declaration of Compliance obligation flows down the chain.** Origin and value-share certification, plus onward-transfer notification, converts a licensing question into a contractual and documentary one at every tier. [C]

Europe's specific position. The October 2025 rules are global in scope, and the current suspension does extend to the EU. But Europe secured that coverage by confirmation rather than by agreement. It holds no instrument, it is not a signatory to the arrangement the suspension implements, and it cannot renew or enforce the suspension independently. European exposure on 10 November therefore runs through a decision taken elsewhere, mitigated only by the separate EU-China process described in 3.3. [C on the coverage, M on the characterisation]

3.3 The calendar is most of the analysis

Two calendars are running, the US-China one and the EU-China one, and the European one has earlier deadlines.

WHEN	EVENT	WHY IT MATTERS
Aug 2026	MIIT second-half mining quota, still unpublished as of 1 July	The nearest hard signal on Chinese supply intent [C]
Aug 2026	APEC Senior Officials' Meeting, Dalian	Working-level venue where an extension would be prepared, not announced [C]
Late Aug to Sept 2026	Practical procurement cut-off for Q4 and early Q1 heavy-rare-earth orders	Licence timelines are measured in weeks to months, so orders placed after September clear into a period whose rules are unknown [M]
Sept 2026	**EU-China preliminary progress assessment** under the June mechanism	First formal read on whether the export controls workstream is delivering [C, European Commission]
Sept 2026	Xi state visit to Washington, at Trump's invitation	The most likely venue for a US-China extension announcement [C]
Oct 2026	**Šefčovič visits China**, expecting to present the first concrete results of the consultation mechanism	The EU's own deadline for measurable progress, set at the June meeting [C, European Commission]
15 Oct 2026	**EU leaders' summit** takes stock of the China relationship	Political decision point on European posture, four weeks before the expiry [C]
10 Nov 2026	Suspension expiry	See 3.1 [C]
18 to 19 Nov 2026	APEC Leaders' Meeting, Shenzhen. China hosting, Xi chairing	Eight days after the expiry [C]
27 Nov 2026	Announcement No. 46 Article 2 expiry	Second clock [C]
Dec 2026	G20 Leaders' Summit, Florida	Fourth possible Trump-Xi meeting of 2026 [C]
Jan 2027	US defence acquisition restrictions on Chinese magnets	The next binding date after November [C]

3.4 Four scenarios

How to read these. No source we could identify publishes probabilities, and we do not offer any. The November outcome is a political decision, and a single trigger event could invalidate any distribution. Each scenario below states whose position or analysis it rests on.

Scenario A: Extension of the suspension

Whose view this is. Mayer Brown's assessment of 16 July 2026 concludes that the May state visit will likely extend the trade truce, while noting that points of friction remain. [C, Mayer Brown] MOFCOM stated at a May press briefing that extending the arrangement is in the common interest of both countries. [C, MOFCOM]

Supporting signals. The White House fact sheet from the May visit records Chinese commitments to address US concerns on rare-earth supply shortages and on restrictions affecting processing equipment and technology, although MOFCOM's own statement did not reference rare earths. [C, White House; MOFCOM] The Board of Trade process is live, with USTR seeking public comment in June on reciprocal tariff reductions. [C, USTR] The US delayed adding more than 100 Chinese companies to the BIS Entity List in June. [C] Both sides chose calibrated responses in the June exchange rather than escalating. Both suspended affiliates rules restore on the same date, which gives each side something to lose. [M]

Counter-signal to weigh. Treasury Secretary Bessent said on 19 May that the US was not in a rush to extend, and that there was time to renew it in meetings later in the year. [C] That speaks to timing rather than outcome, but it indicates an early announcement should not be assumed.

What it means. No new controls. Announcement No. 18 continues to license most magnet shipments. Enforcement intensity keeps rising, because that track is independent of the truce. Nothing in your exposure map changes, and nothing improves.

Scenario B: Selective or reshaped reinstatement

Whose view this is. This is the outcome the European Commission is actively negotiating for. Commission spokesperson Olof Gill stated that the EU is working with China on an export licensing system to ensure a more stable flow of rare earths to the bloc, and called for a new and stable system of trade in these materials rather than a return to the pre-October position. Šefčovič has pressed for a systematic solution, a single annual company-level application in place of per-shipment filing. [C, European Commission] The export controls workstream agreed on 29 June is the vehicle for it.

Why this is the most likely shape of any change, in our assessment. The 2026 measures all point toward administered discretion rather than blanket rules: the reporting mechanism, the Supply Chain Security Regulations, the expansion of general licences to European companies, and the Japan-style end-use standard. Administered tools let Beijing shape supply without sacrificing revenue or accelerating the substitution work CLEPA has described. [M]

What it means. Civilian European users mostly keep supply, with fuller disclosure of value chain and final application, and with throughput dependent on general licence coverage rather than on the underlying rules. Defence and aerospace lines stay outside. The cost step-change lands on documentation, disclosure and screening rather than on volume, which puts a premium on the information pack described in 1.3.1 and raises the intellectual property exposure CLEPA flagged.

Scenario C: Full reimposition

Whose view this is. Clark Hill's assessment of the November 2025 suspension advises industries dependent on rare earths, magnets and battery materials to use the window to reassess sourcing, secure licensing where available, and prepare for the likelihood that controls return once broader geopolitical calculations evolve. [C, Clark Hill] The mechanical position is not contested: absent a further MOFCOM suspension notice before the date, the October 2025 provisions take effect as written, including the extraterritorial provisions that were due to commence on 1 December 2025. [C, Mayer Brown; White & Case]

What would have to be true. Either a material deterioration in the bilateral relationship between now and November, or a deliberate Chinese decision to reset leverage ahead of a longer negotiation.

What it means. The IEA's 6.5 trillion dollar exposure figure becomes the relevant frame. With China at 91 percent of refined output and 94 percent of sintered magnet production, and planned ex-China magnet capacity at about one third of expected mine output by 2035, there is no substitution path available inside the affected quarter. [C, IEA] The April 2025 episode is the only available guide to what that looks like in practice, and the IEA records that it forced some automakers to cut or suspend production. [C, IEA]

Scenario D: Early reinstatement before 10 November

Whose view this is. Taylor Wessing notes that because the rule was introduced as part of a fast-moving trade dispute, it could in principle be reinstated earlier if relations between China and the United States deteriorate before the expiry date. [C, Taylor Wessing] Clark Hill similarly frames tightening as contingent on bilateral conditions rather than on the calendar. [C, Clark Hill]

We treat this as a named scenario rather than a caveat because China moved from EU trigger to published counter-listing inside 24 hours in July. Trigger-driven timing is a distinct operational risk, and the difference from Scenario C is preparation time. [M]

Watch triggers. A further EU sanctions package naming Chinese firms. US action on the delayed Entity List additions. Escalation on the Japan or Taiwan track.

What it means. No preparation window. This is the scenario that argues for completing exposure mapping now rather than in October.

3.5 What is true in every scenario

- **Announcement No. 18 does not expire. Most permanent-magnet shipments stay licence-controlled in all four scenarios, filed by your supplier, using information only you can provide. [C]**
- **The enforcement architecture built during 2026 does not unwind.** The reporting channel, the customs prosecutions, the detentions and the Supply Chain Security Regulations are not part of any bargain and have no sunset. [C]
- **The entity-listing track has no expiry and now moves in days.** Screening is a recurring obligation, not a one-off project. [C]
- **Throughput depends on administrative arrangements, which can be withdrawn without any rule changing.** The prioritisation channel and general licences are the reason licence flow improved after mid-2025. Neither is a legal entitlement. [C]
- **Capacity does not arrive in time.** Planned ex-China refining reaches about two thirds and magnet production about one third of expected 2035 mine output, and refinery build times run five to ten years. [C, IEA]
- **Defence and aerospace end uses stay outside the general licences** even in the most favourable scenario. [C]

The planning question is therefore not whether controls return. It is which administrative regime applies, and how much documentation, lead time and contractual protection you need to operate under it.

Indicators to watch

INDICATOR	CURRENT STATUS	SIGNIFICANCE	SOURCE TO TRACK
MOFCOM suspension notice for the October 2025 package	Not issued	The single decisive item. Absence of a notice by late October is itself a signal. A US fact sheet is not a substitute	MOFCOM announcements
MOFCOM export control list additions	Active, actions in June and July 2026	Retaliatory listings now follow Western triggers within days	MOFCOM announcements; law firm alerts
EU-China consultation mechanism, export controls workstream	Launched 29 Jun 2026. September assessment and October Šefčovič visit pending	The only channel where European exposure is negotiated directly, and the earliest formal signal	European Commission trade releases
EU leaders' summit, 15 October	Scheduled	Political decision point on European posture, four weeks before expiry	European Council
General licence coverage and scope	Issued to Chinese producers and to some European companies since Dec 2025. Not universal; defence and aerospace excluded	Expansion signals Scenario A or B. Contraction signals C, and would show before any rule changed	European Commission; direct supplier confirmation
MIIT second-half mining quota	Unpublished as of 1 July 2026	Nearest hard signal on Chinese supply intent ahead of November	MIIT releases
Xi state visit to Washington, September	Invited	Most likely venue for a US-China extension announcement. Compare both readouts	White House and MOFCOM
AI and chip export control consultation	Consultation stage, no published rule	Watch for a MOFCOM announcement; current claims are directional only	MOFCOM; Reuters
Enforcement actions under Announcement No. 26	Mechanism live since 1 Jul, volume not disclosed	First actions will show how aggressively the reporting channel is used	Morgan Lewis and equivalent law firm alerts
EU sanctions packages naming Chinese entities	21st Russia package (23 Jul) triggered a same-week Chinese response	Future packages naming Chinese firms are now more likely to trigger a rapid list-for-list reply	Council of the EU
Japan track	Active since January 2026, confirmed by the IEA	Not covered by the suspension. Escalation here reaches automotive names directly	MOFCOM; law firm alerts

Limitations

- **No probabilities are assigned to the November outcome, by design.** No source we identified quantifies the relative likelihood of the four scenarios, and we do not.
- Where reasoning is Prewave's own rather than reported, it is marked [M] and attributed in place. This applies to the APEC calendar observation, the procurement cut-off, the automotive bill-of-materials reading in 1.4.2, the information-pack recommendation, the characterisation of Europe's position in 1.5 and 3.2, the symmetry argument in 3.1, the assessment in Scenario B and the promotion of Scenario D to a named scenario.
- **The composition of the 24 July Chinese counter-listing is not yet confirmed on an acceptable source.** The Council package that triggered it is primary. The entity names, sector breakdown and material-exposure mapping have been removed pending the MOFCOM text or a law firm treatment. Do not screen against an unverified list.
- **The White House fact sheet revision should be verified against an archived capture.** The current text and the original wording as quoted in contemporaneous reporting are both available, but we have not obtained a snapshot of the original page, and cannot confirm whether other changes were made to the same passage.
- Licence processing times are described qualitatively rather than numerically, because the available figures come from sources outside this report's evidence standard and because practice has varied by province and by period.
- No automotive-specific volumes, inventory-day figures or supplier names are quantified. This is a policy-tracking and planning note, not a commodity exposure model.
- The report assumes no Taiwan contingency and no material escalation on the Japan track between now and November. [A] Either would change the calculus rather than shift it.

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