



China Policy Watch 2025

An Overview of China's Export Control Policies

WE THINK AHEAD
WE PREPARE OUR CLIENTS FOR THE FUTURE

KEY POINTS OF THE OCTOBER 9TH EXPORT-CONTROL MEASURES

Five new Chinese export-controls span superhard materials, rare earths, lithium batteries/graphite anodes, and rare-earth tech, requiring prior licensing, standardized customs remarks, and traceable parameters

KEY POINTS OF THE EXPORT-CONTROL MEASURES RELEASED ON OCTOBER 9

Measure / Circular No.	Coverage (keywords / control codes)	Key obligations	Effective
Superhard materials (No. 55)	- Artificial diamond / grinding wheels DCPCVD equipment 2B005.b, DCPCVD process technology 2E902	- Dual-use export license - Customs declaration must state whether dual-use + control code	2025-11-08
Rare-earth equipment & raw/auxiliary materials (No. 56)	Certain rare-earth processing equipment/ raw & auxiliary materials	- License management - List cross-check and standardized remarks	2025-11-08
Medium- & heavy- rare-earth items (No. 57)	- Permanent-magnet materials / magnets or magnetic powders - Oxides / compounds 1C909–1C913	- License - Remarks must state “in scope / not in scope” with control code or key parameters	2025-11-08
Lithium batteries & synthetic-graphite anode chain (No. 58)	- Li-ion cells/packs with ≥300 Wh/kg (3A001) - Winding / stacking / electrolyte filling / hot-press equipment (3B901.a) - Graphitization & coating equipment (3B901.c.3) - Related processes/technology (3E901.b)	- License - Verify threshold parameters and use standardized remarks	2025-11-08
Rare-earth “technology” provision (No. 62)	- Technologies (and carriers) for mining, separation, metal smelting, magnet manufacturing, secondary recycling 1E902.a/b	Providing technology to overseas parties also requires a license (covers licensing, joint R&D, consulting, demos, testing, etc.)	2025-10-09

China's rare earth export control regime has evolved from initial quota mechanisms to a comprehensive legal framework, culminating in precisely targeted controls on specific critical items

REVIEW OF ALL RELEVANT POLICIES ON RARE EARTH EXPORT CONTROL OVER THE YEARS

Announcement Title	Issuing Entity	Announcement Content	Announcement Time	Effective Time
Measures for the Administration of Export Quota Licenses for Rare Earth Products	■ MOFCOM	■ Implemented an export quota license system for rare earth exports ■ Included rare earth raw materials in the catalog of prohibited commodities for processing trade	1998	1998
Circular on Adjusting the Export Tax Rebate Rates for Some Products (Caishui [2005] No.75)	■ MOF ■ STA	■ Canceled the export tax rebate for rare earths ■ Reduced the number of enterprises eligible for rare earth export quotas	2005	2005
Catalogue of Goods Subject to Export License Administration in 2015	■ MOFCOM ■ SDPC	■ Stipulated that rare earth exports shall be subject to export license administration ■ Canceled rare earth export quotas and export duties	2015	2015
The Announcement on the Publication of the "Catalogue of Technologies Prohibited and Restricted from Export in China" (Announcement No. 57 of 2023)	■ MOFCOM ■ MOST	■ Imposed export controls on relevant technologies such as rare earth extraction, separation, smelting and processing technologies	2023-12-21	2023-12-21
Regulation on Rare Earth Administration	■ State Council	■ Stipulated the export approval procedures for rare earth items and related technologies, processes and equipment	2024-04-26	2024-04-26
Decision on Imposing Export Controls on Tungsten, Tellurium, Bismuth, Molybdenum and Indium-Related Items (Announcement No. 10 of 2025)	■ MOFCOM ■ GAC	■ Imposed export controls on five rare earth metals namely tungsten (W), tellurium (Te), bismuth (Bi), molybdenum (Mo) and indium (In), as well as their products and production technologies	2025-02-04	2025-02-04
Decision on Imposing Export Controls on Some Medium and Heavy Rare Earth Related Items (Announcement No. 18 of 2025)	■ MOFCOM ■ GAC	■ Imposed dual-use item export controls on seven categories of medium and heavy rare earth related items , including samarium (Sm), gadolinium (Gd), terbium (Tb), dysprosium (Dy), lutetium (Lu), scandium (Sc) and yttrium (Y) ■ Incorporated the aforementioned items into the List of Dual-Use Items Subject to Export Control	2025-04-04	2025-04-04

Source: Ministry of Commerce of the People's Republic of China, State Development Planning Commission, General Administration of Customs of the People's Republic of China, Ministry of Finance of the People's Republic of China, State Taxation Administration, Ministry of Science and Technology of the People's Republic of China

CONTENT OF GAC NEW ANNOUNCEMENT RELATED TO LIB

On October 9th , the Chinese government announced that export controls on lithium-ion batteries, cathode materials, graphite anode materials, and related items will take effect from November 8

EXPORT CONTROL ITEM	EXPORT CONTROL PARTICULARS		
Lithium Battery	Product	Equipment	Technical Progress
High-end lithium-ion battery products, including battery cells and battery packs	Rechargeable lithium-ion batteries with a gravimetric energy density of $\geq 300\text{Wh/kg}$	Winding machine / stacking machine / electrolyte injecting machine / hot pressing machine / formation and grading system / grading cabinet	Technologies employed in the manufacturing of lithium-ion batteries with an energy density $\geq 300\text{Wh/kg}$
Cathode Material	Product	Equipment	Technical Progress ¹⁾
Cathode materials designed for high-end lithium-ion batteries, including LFP cathode materials, LMR cathode materials, and cathode precursors	Cathode: LFP cathode / LMR cathode Cathode Precursor: NCM hydroxide / NCAI hydroxide	Roller hearth kiln / high-speed mixer / sand mill / jet mill	LFP cathode material production technology / LFMP cathode material production technology / Phosphate cathode raw material production technology
Graphite Anode Material	Product	Equipment	Technical Progress
Anode materials designed for all lithium-ion batteries, including synthetic-graphite and hybrid graphite materials that combine synthetic and natural graphite	Synthetic-graphite anode Composite anode: Synthetic-graphite and natural graphite	Granulation process equipment / graphitization equipment / coating modification equipment	Granulation process / Continuous graphitization technology / Liquid-phase coating technology

Note 1: Controls on cathode material technologies were not initially imposed by Announcement No. 58, but were established in the updated "China Catalog of Technologies Prohibited and Restricted from Export" on July 15, 2025

IMPACT OF GAC ANNOUNCEMENT RELATED TO LIB

The implementation of the new policy has raised export barriers, intensified order uncertainties, and heightened supply chain disruption risks for equipment manufacturers



Significantly Increased Export Barriers

Surge in compliance expenditures

- Team building: **Additional expert compliance labor** to handle license applications, policy interpretation
- Process complications: **Additional processing steps** are required, leading to **increased administrative cost**

Affecting delivery performance

- Extended approval cycle: 45-day or longer approval waiting period **disrupts original production and logistics schedules**
- Prolonged delivery timelines: Project delivery delays adversely affect customer satisfaction levels and **elevate default risks**



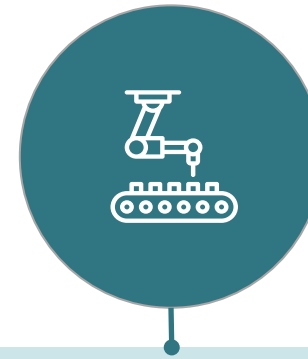
Substantially Amplified Order Uncertainty

Risks in current order book

- Pending orders: Overseas orders signed but not cleared through customs before November 8th face **delivery uncertainty**

Challenges for future orders

- Erosion of competitive advantage: The uncertainty surrounding export approvals **undermines key strength of shorter delivery cycles** when competing against rivals
- Customer attrition: Key accounts may **switch to leading local or international suppliers** to avoid the new regulatory bottleneck



Supply Chain Instability and Disruption Risks

Unpredictable approval rate for complete production line exports

- The "achilles' heel" effect: The failure to secure an export license for **a single critical piece of governed equipment** or technology will prevent the **entire project** from proceeding overseas
- Project halting crisis: The execution of integrated production lines for international clients may be halted entirely because of **the non-procurement or export restrictions of key subsystems**, consequently giving rise to **financial damages and harm to reputation**

SOLUTION FOR LIB RELATED EQUIPMENT MANUFACTURERS

Convert policy challenges into strategic upgrading opportunities through compliance restructuring, operational resilience building, global layout establishment and technology diversification

Immediate Response (before Nov. 8th)

- **Expedite export license application:**
Prepare export application materials in advance, including **the Dual-Use Items Export License Application Form**, copies of relevant customer contracts, technical inspection reports, and other supporting documents
- **Conduct inventory audit and define compliance boundaries:**
Categorize products, equipment, and technologies into **Controlled / Non-controlled / For Review** based on control parameters/codes. Promptly seek authoritative identification for items classified as "For Review"
- **Enhance customer due diligence:**
Require customers to provide **clear end-user, end-use statements** and supporting documents. Exercise heightened scrutiny for orders from **sensitive regions** and diligently document any follow-up inquiries regarding ambiguous end-uses

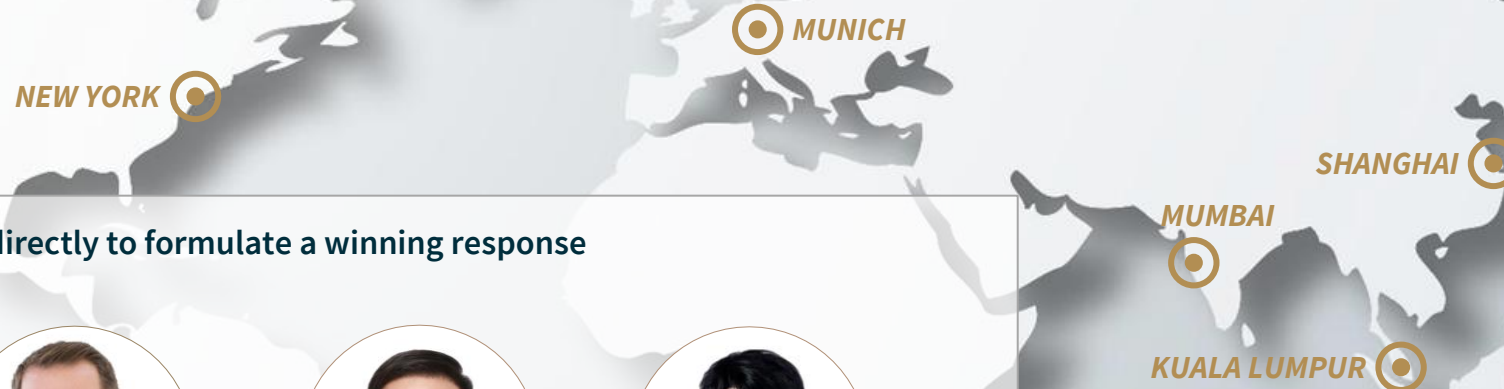
Operational Adjustment (3-12 Months)

- **Adjust Production Plans:**
Segment product lines based on **technical specifications** and adjust capacity allocation according to customer demand to minimize fulfillment risks
- **Manage Customer Expectations:**
Strengthen **communication with customers** to explain the situation and negotiate adjustments to overall production plans
- **Track Approval Progress:**
Monitor approval progress in real-time via the Ministry of Commerce platform and **establish a contingency mechanism** to address different export approval outcomes

Strategic Positioning (More Than 1 Years)

- **Establish overseas R&D and manufacturing bases:**
Mitigate domestic control risks by setting up **owned overseas facilities**, using offshore production lines to bypass export restrictions and **serve local overseas customers directly**
- **Increase R&D in non-controlled fields:**
Focus equipment R&D on **non-controlled areas** such as sodium-ion batteries, low-energy-density LFP batteries (for energy storage), and flow batteries to **establish a second growth curve**, reducing reliance on core products, and **diversifying policy-related risks**

EAC AROUND THE GLOBE – WHERE YOU FIND US!



Contact our experts directly to formulate a winning response

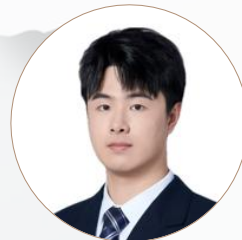
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