

Press release

Urgent action needed as China's export restrictions on rare earths disrupt European automotive supply chains

Brussels, 4 June 2025

The European automotive supply industry is already experiencing significant disruption due to China's recent export restrictions on rare earth elements and magnets. These restrictions have led to the shutdown of several production lines and plants across Europe, with further impacts expected in the coming weeks as inventories deplete. The current challenges underscore the importance of constructive China-EU cooperation to ensure stable and resilient supply chains for the global automotive sector.

The affected components are critical to both combustion engine and electric vehicles, highlighting the wide-reaching consequences of the measures. Since early April, hundreds of export license applications have been submitted to Chinese authorities, yet only approximately one-quarter appear to have been approved. Procedures are opaque and inconsistent across provinces, with some licenses denied on procedural grounds and others requiring disclosure of IP-sensitive information.

While export controls on dual-use items are not unusual, such measures are typically based on transparent risk assessments and implemented with adequate lead time to allow for adjustment. The current approach not only risks trade disruption but also undermines trust in the global supply chain.

“With a deeply intertwined global supply chain, China’s export restrictions are already shutting down production in Europe’s supplier sector,” said Benjamin Krieger Secretary General of CLEPA. “We urgently call on both the EU and Chinese authorities to engage in a constructive dialogue to ensure the licensing process is transparent, proportionate, and aligned with international norms.”

China and Europe share a common interest in safeguarding the integrity of global supply chains and trade. Chinese suppliers of permanent magnets rely on their European customers just as much as European manufacturers depend on Chinese materials. Sustained disruptions will reinforce ongoing efforts in Europe to diversify sourcing and invest in the development of rare earth-free electric motors. However, these measures offer no short-term solutions and cannot address the acute risks currently facing supply chains. They also threaten automotive production and thousands of jobs in the European Union.

About CLEPA

CLEPA, the European Association of Automotive Suppliers based in Brussels, represents over 3,000 companies, from multi-nationals to SMEs, supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over €30 billion yearly in research and development. Automotive suppliers in Europe directly employ 1.7 million people in the EU.

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You can contact us at communications@clepa.be