

## Questions for the Record

*Predatory Pricing: How The Chinese Communist Party Manipulates Global Mineral Prices to Maintain Its Dominance*

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- 1. China continues to dominate key aspects of the critical mineral supply chain, which can create significant challenges for industries when those supply chains face disruptions. For example, China controls 80% of the global critical minerals processing capability and roughly 90% of the processing capability for rare earth elements. And recently, such disruption came to fruition when China decided to restrict certain rare earth exports, which are integral to industries like automotive manufacturing. What should a comprehensive plan from Congress and the Administration to build out domestic critical mineral supply chains look like? In cases where some minerals are not geographically located in the U.S., how can the U.S. better leverage its allies and rely less on foreign adversaries like China?**

**Answer:**

The Committee's Report offers a strong blueprint. Several elements warrant emphasis:

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First, the federal government should deploy tools that neutralize predatory pricing. Contracts-for-difference or price-floor guarantees, structured with upside sharing, can anchor foundational investments while protecting taxpayers when prices recover. The Pentagon partnership with MP Materials demonstrates this approach. The agreement establishes a 10-year price floor of \$110 per kilogram for NdPr. When market prices fall below that level, the Pentagon pays the difference to ensure continuity of U.S. operations. When prices rise above the floor, MP remits 30% of the upside to the Pentagon. This structure defends a minimum price, reflecting market economy costs while ensuring taxpayers share in stronger market conditions.

Second, Congress should level the playing field in trade—enforcing measures against unfairly priced rare earth oxides, metals, and magnets, and addressing magnet-containing products to prevent circumvention.

Third, Congress should enact a production tax credit for U.S.-made NdFeB magnets, with enhanced value when rare earth inputs are domestically sourced. Mining and refining incentives should reflect the long timelines these projects require.

Fourth, Congress should support workforce development by pairing industry with colleges and technical schools, and by providing training tax credits for operators developing specialized skills.

Fifth, permitting must move at the speed of national security. Congress should compress timelines for high-standard mining, refining, and manufacturing projects.

Sixth, the United States should pursue sectoral arrangements with trusted partners around common pricing mechanisms and coordinated sourcing strategies.

Finally, the United States should incentivize American companies that source U.S.-made critical minerals. General Motors and Apple did not wait for the supply chain to develop—they stepped forward to help build it through long-term partnerships with MP Materials. These commitments can reverse decades of dependency and accelerate domestic investment.

**2. China successfully executed a long-term strategy to dominate the global critical mineral market, however this did not happen overnight. If the U.S. wants to elevate itself as a global leader in critical minerals, this will likewise take time and**

**investment and require a multi-faceted approach. How long will it take for the U.S. to build out domestic critical mineral supply chains capable of supplying the U.S. market? What are some of the reasons for such a long timeline? What role could efforts like permitting reform play in speeding up the build out of domestic supply?**

**Answer:**

MP Materials' experience shows what focused execution can achieve. We rescued Mountain Pass in 2017 when it sat idle, on the brink of permanent closure. At that time, the U.S. supply chain was at a complete standstill—no mining, no refining, no scaled magnet manufacturing. Today, after investing more than \$1 billion of private capital, the picture has improved dramatically. Mountain Pass is the world's second most productive rare earth mine. We have restored U.S. capability to produce separated and refined rare earths at scale. We are commissioning the first fully integrated rare earth magnet manufacturing facility built in a generation in Fort Worth, Texas. Our workforce has grown from eight people to nearly 1,000.

Mountain Pass is a proven, world-class resource, and we acquired the site with intact permits. Bringing new projects online and scaling them requires not only securing new permits but also raising capital and developing significant technical capabilities.

Reforming the permitting system for mining, industrial processing, and manufacturing to reduce costs and accelerate project timelines while upholding high standards is in the national interest, but permitting reform alone is not a panacea. It must be complemented by other policies that this Committee has recommended: tools that neutralize predatory pricing and incentivize U.S. production, combined with trade enforcement measures and workforce development.

**3. China uses unfair practices like aggressive subsidization to undercut prices and dominate foreign markets. We've seen China use this playbook in other areas such as the auto industry. Can you discuss the ways in which China uses unfair practices to dominate critical mineral supply chains, and likewise uses those strategies to impose leverage over industries like automotive and battery manufacturing? What**

**can the United States to do compete against an adversary who doesn't play fair? And using the auto industry as an example, how can we maintain affordability for customers as we shift supply chains away from China?**

**Answer:** The Committee's investigation documents how China's upstream monopoly is supported by state subsidies, below-market financing, price manipulation, and a dominant position in refining and manufacturing, giving it leverage over the entire supply chain. These tools have distorted global prices, starved market-based competitors of investment, and undermined U.S. industrial capacity. They also unfairly advantage its downstream manufacturers.

To address these non-market interventions, the federal government should consider price-support mechanisms that reflect market-economy costs while protecting taxpayers. Congress should enforce trade measures against unfairly priced rare earths and magnets, including magnet-containing products. Production tax credits for U.S.-made magnets, with enhanced value for domestically sourced inputs, would lower the cost of capital for domestic manufacturing.

On affordability: the cost of magnets within electric vehicles, defense systems, and other platforms is a small portion of the overall bill of materials, but the platforms cannot function without them. Securing domestic capacity insulates the United States from coercion and stabilizes industrial planning.

**4. Given China's proven price manipulation to dominate global critical minerals supply chains, do you think Chinese auto manufacturers pose an existential threat to the U.S. auto market? Should the United States allow Chinese auto and battery companies to manufacture here in the United States?**

**Answer:**

China's dominance of upstream critical minerals supply chains give its domestic manufacturers significant advantages. In addition to access to artificially cheap rare earth materials, Chinese manufacturers benefit from state subsidies, below-market financing, and a domestic policy regime designed to ensure their global competitiveness. These advantages pose a considerable threat to U.S. industry. While foreign direct investment is generally positive and should be encouraged, it must occur on a level playing field and align with the

national interest. In the current environment, potential investments from Chinese companies should be carefully considered in light of these factors.

### **Representative Jill Tokuda – HI-02**

**5. Would it help to develop a secure critical minerals industry if the Commerce or Energy departments had authority to offer financial assistance—including offtake agreements and price guarantees—for critical minerals focused on the commercial market, just like the Defense Department does for the national security market?**

**Answer:** Policies that counter foreign non-market practices are important tools for building secure critical mineral supply chains. We defer to Congress and the Executive Branch to determine where and how best to deploy them. To clarify, MP's transaction agreements with the Pentagon announced in July 2025 are designed to increase the resiliency of both defense and commercial supply chains and reflect the reality that mineral security is national security.

**6. Would you agree that creating domestic demand by prohibiting U.S. companies from purchasing rare earths from China—unless no alternative domestic or allied source is available—could be a good way to ensure U.S. industry and investors have the stability they need to invest?**

**Answer:** Tariffs, quotas, and domestic sourcing requirements are important tools—if properly timed and calibrated to match the growth of domestic production capability. MP Materials has advocated that these measures should expand commensurate with the growth of domestic production. This phased approach prevents premature market displacement while ensuring a level playing field for U.S. producers from the moment they begin to scale.

**Would you support restricting the export of high-value e-waste, much of which goes to China, to provide a feedstock for recycling of rare earth magnets?**

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**Answer:** The policy goal should be to ensure that recycled feedstocks support the development of secure domestic and allied supply chains rather than flowing to adversaries. Trade in recycled feedstocks with allies and partners is essential and should be preserved. Recycling facilities in partner nations, preprocessing arrangements with allied companies abroad, and other cross-border trade flows can all contribute to the building of resilient supply chains.

Blanket export restrictions could inadvertently constrain legitimate commercial arrangements that strengthen the broader Western rare earth ecosystem. Where restrictions are implemented, they should target exports to non-market economies, while maintaining flexibility for trade with allies and partners.

*Please complete a separate sheet for each witness that you wish to submit additional questions to. Fill in your Representative name, district, and the witness name the questions are to be sent to. Return completed form(s) to [Austen.adcock@mail.house.gov](mailto:Austen.adcock@mail.house.gov) by 7:00pm on November 26th.*