

# MIT Weekly Brief

## 稀土管理条例

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 **Translation**

Regulations on Rare Earth Management

Order of the State Council of the People's Republic of China

The 'Regulations on Rare Earth Management' have been approved at the 31st executive meeting of the State Council on April 26, 2024, and are hereby promulgated to be implemented from October 1, 2024.

Article 1: To effectively protect and rationally develop and utilize rare earth resources, promote high-quality development of the rare earth industry, maintain ecological safety, and ensure national resource security and industrial security, these regulations are formulated in accordance with relevant laws.

Article 2: These regulations apply to activities such as rare earth mining, smelting and separation, metal smelting, comprehensive utilization, product circulation, import and export within the territory of the People's Republic of China.

Article 3: Rare earth management work should implement the party and state's policies and decisions, adhere to the principle of balancing resource protection and development, and follow the principles of coordinated planning, safety assurance, technological innovation, and green development.

Article 4: Rare earth resources belong to the state, and no organization or individual may encroach upon or destroy rare earth resources. The state strengthens the protection of rare earth resources according to law and implements protective mining of rare earth resources.

Article 5: The state implements unified planning for the development of the rare earth industry. The Ministry of Industry and Information Technology of the State Council, together with relevant departments of the State Council, shall formulate and organize the implementation of the rare earth industry development plan according to law.

Article 6: The state encourages and supports the research and application of new technologies, processes, products, materials, and equipment in the rare earth industry, continuously improving the level of rare earth resource development and utilization, and promoting the high-end, intelligent, and green development of the rare earth industry.

Article 7: The Ministry of Industry and Information Technology of the State Council is responsible for the management of the national rare earth industry, formulating and organizing the implementation of rare earth industry management policies and measures. Other relevant departments of the State Council, within their respective responsibilities, are responsible for related rare earth management work.

Local people's governments at or above the county level are responsible for rare earth management work in their regions. Relevant departments such as industry and information

technology, and natural resources of local people's governments at or above the county level shall perform rare earth management-related work according to the division of responsibilities.

Article 8: The Ministry of Industry and Information Technology of the State Council, together with relevant departments of the State Council, determines rare earth mining enterprises and rare earth smelting and separation enterprises and announces them to the public.

Except for the enterprises determined according to the first paragraph of this article, other organizations and individuals shall not engage in rare earth mining and rare earth smelting and separation.

Article 9: Rare earth mining enterprises shall obtain mining rights and mining licenses in accordance with the laws, administrative regulations, and relevant national provisions on mineral resource management.

Investment in rare earth mining, smelting and separation, and other projects shall comply with the laws, administrative regulations, and relevant national provisions on investment project management.

Article 10: The state implements total quantity control and optimizes dynamic management of rare earth mining and rare earth smelting and separation based on factors such as rare earth resource reserves and type differences, industrial development, ecological protection, and market demand. The specific measures shall be formulated by the Ministry of Industry and Information Technology of the State Council, together with the Ministry of Natural Resources, the National Development and Reform Commission, and other departments.

Rare earth mining enterprises and rare earth smelting and separation enterprises shall strictly comply with the national total quantity control management regulations.

Article 11: The state encourages and supports enterprises to comprehensively utilize rare earth secondary resources using advanced applicable technologies and processes.

Rare earth comprehensive utilization enterprises shall not use rare earth mineral products as raw materials for production activities.

Article 12: Enterprises engaged in rare earth mining, smelting and separation, metal smelting, and comprehensive utilization shall comply with relevant laws and regulations on mineral resources, energy conservation and environmental protection, clean production, safe production, and fire protection, and take reasonable environmental risk prevention, ecological protection, pollution prevention, and safety protection measures to effectively prevent environmental pollution and production safety accidents.

Article 13: No organization or individual may purchase, process, sell, or export illegally mined or illegally smelted and separated rare earth products.

Article 14: The Ministry of Industry and Information Technology of the State Council, together with relevant departments such as the Ministry of Natural Resources, the Ministry of Commerce, Customs, and the State Administration of Taxation, shall establish a rare earth product traceability information system to strengthen the traceability management of the entire process of rare earth products and promote data sharing among relevant departments.

Enterprises engaged in rare earth mining, smelting and separation, metal smelting, comprehensive utilization, and rare earth product export shall establish a rare earth product flow record system, truthfully record rare earth product flow information, and enter it into the rare earth product traceability information system.

Article 15: The import and export of rare earth products and related technologies, processes, and equipment shall comply with the relevant laws and administrative regulations on foreign trade and import and export management. For items subject to export control, the export control laws and administrative regulations shall also be complied with.

Article 16: The state improves the rare earth reserve system by combining physical reserves and mineral site reserves.

Rare earth physical reserves are implemented through a combination of government reserves and enterprise reserves, continuously optimizing the structure and quantity of reserve varieties. The specific measures shall be formulated by the National Development and Reform Commission, the Ministry of Finance, together with the Ministry of Industry and Information Technology, and the National Grain and Material Reserve Bureau.

The Ministry of Natural Resources, together with relevant departments of the State Council, shall delineate rare earth resource reserve areas based on the need to ensure rare earth resource security, considering factors such as resource reserves, distribution, and importance, and strengthen supervision and protection according to law. The specific measures shall be formulated by the Ministry of Natural Resources, together with relevant departments of the State Council.

Article 17: Rare earth industry organizations shall establish and improve industry norms, strengthen industry self-discipline management, guide enterprises to operate legally and with integrity, and promote fair competition.

Article 18: The Ministry of Industry and Information Technology and other relevant departments (hereinafter collectively referred to as supervision and inspection departments) shall supervise and inspect activities such as rare earth mining, smelting and separation, metal smelting, comprehensive utilization, product circulation, and import and export in accordance with relevant laws and regulations and these regulations, and promptly handle illegal activities according to law.

Supervision and inspection departments have the right to take the following measures during supervision and inspection:

- (a) Require the inspected unit to provide relevant documents and materials;
- (b) Inquire about the inspected unit and its relevant personnel, and require them to explain matters related to the supervision and inspection;
- (c) Enter places suspected of illegal activities for investigation and evidence collection;
- (d) Seize rare earth products and tools, equipment related to illegal activities, and seal off places of illegal activities;
- (e) Other measures prescribed by laws and administrative regulations.

The inspected unit and its relevant personnel shall cooperate, truthfully provide relevant documents and materials, and shall not refuse or obstruct.

Article 19: Supervision and inspection departments conducting supervision and inspection shall have no fewer than two personnel and shall present valid administrative law enforcement certificates.

Staff of supervision and inspection departments have confidentiality obligations for state secrets, business secrets, and personal information obtained during supervision and inspection.

Article 20: Violations of these regulations, including the following acts, shall be punished by the natural resources department according to law:

(a) Rare earth mining enterprises mining rare earth resources without obtaining mining rights or mining licenses, or mining rare earth resources beyond the mining area registered for mining rights;

(b) Organizations and individuals other than rare earth mining enterprises engaging in rare earth mining.

Article 21: Rare earth mining enterprises and rare earth smelting and separation enterprises violating total quantity control management regulations for rare earth mining and smelting and separation shall be ordered to correct by the natural resources and industry and information technology departments according to the division of responsibilities, and the illegally produced rare earth products and illegal gains shall be confiscated, and a fine of not less than five times and not more than ten times the illegal gains shall be imposed; if there are no illegal gains or the illegal gains are less than 500,000 yuan, a fine of not less than 1 million yuan and not more than 5 million yuan shall be imposed; if the circumstances are serious, production and business operations shall be ordered to stop, and the main responsible person, directly responsible person in charge, and other directly responsible personnel shall be punished according to law.

Article 22: Violations of these regulations, including the following acts, shall be ordered to stop the illegal activities by the industry and information technology department, and the illegally produced rare earth products and illegal gains, as well as tools and equipment directly used for illegal activities, shall be confiscated, and a fine of not less than five times and not more than ten times the illegal gains shall be imposed; if there are no illegal gains or the illegal gains are less than 500,000 yuan, a fine of not less than 2 million yuan and not more than 5 million yuan shall be imposed; if the circumstances are serious, the business license shall be revoked by the market supervision and management department:

(a) Organizations and individuals other than rare earth smelting and separation enterprises engaging in smelting and separation;

(b) Rare earth comprehensive utilization enterprises using rare earth mineral products as raw materials for production activities.

Article 23: Violations of these regulations, including the purchase, processing, and sale of illegally mined or illegally smelted and separated rare earth products, shall be ordered to stop the illegal activities by the industry and information technology department, together with relevant departments, and the illegally purchased, processed, and sold rare earth products and illegal gains, as well as tools and equipment directly used for illegal activities, shall be confiscated, and a fine of not less than five times and not more than ten times the illegal gains shall be imposed; if there are no illegal gains or the illegal gains are less than 500,000 yuan, a fine of not less than 500,000 yuan and not more than 2 million yuan shall be imposed; if the circumstances are serious, the business license shall be revoked by the market supervision and management department.

Article 24: Violations of relevant laws, administrative regulations, and these regulations in the import and export of rare earth products and related technologies, processes, and equipment shall be punished by the competent commerce department, customs, and other relevant departments according to their responsibilities.

Article 25: Enterprises engaged in rare earth mining, smelting and separation, metal smelting, comprehensive utilization, and rare earth product export that do not truthfully record rare earth product flow information and enter it into the rare earth product traceability information system

shall be ordered to correct by the industry and information technology department and other relevant departments according to the division of responsibilities, and a fine of not less than 50,000 yuan and not more than 200,000 yuan shall be imposed; if they refuse to correct, production and business operations shall be ordered to stop, and the main responsible person, directly responsible person in charge, and other directly responsible personnel shall be fined not less than 20,000 yuan and not more than 50,000 yuan, and the enterprise shall be fined not less than 200,000 yuan and not more than 1 million yuan.

Article 26: Refusal or obstruction of supervision and inspection departments in performing supervision and inspection duties according to law shall be ordered to correct by the supervision and inspection departments, and the main responsible person, directly responsible person in charge, and other directly responsible personnel shall be warned, and the enterprise shall be fined not less than 20,000 yuan and not more than 100,000 yuan; if they refuse to correct, production and business operations shall be ordered to stop, and the main responsible person, directly responsible person in charge, and other directly responsible personnel shall be fined not less than 20,000 yuan and not more than 50,000 yuan, and the enterprise shall be fined not less than 100,000 yuan and not more than 500,000 yuan.

Article 27: Enterprises engaged in rare earth mining, smelting and separation, metal smelting, and comprehensive utilization that violate relevant laws and regulations on energy conservation, environmental protection, clean production, safe production, and fire protection shall be punished by the relevant departments according to their responsibilities.

Illegal and irregular activities of enterprises engaged in rare earth mining, smelting and separation, metal smelting, comprehensive utilization, and rare earth product import and export shall be recorded in the credit record by the relevant departments according to law and included in the national credit information system.

Article 28: Staff of supervision and inspection departments who abuse their power, neglect their duties, or engage in malpractices for personal gain in rare earth management work shall be punished according to law.

Article 29: Violations of these regulations that constitute violations of public security management shall be punished according to law; if they constitute a crime, criminal responsibility shall be pursued according to law.

Article 30: The meanings of the following terms in these regulations:

Rare earth refers to the total of elements such as lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium, scandium, and yttrium.

Smelting and separation refer to the production process of processing rare earth mineral products into various single or mixed rare earth oxides, salts, and other compounds.

Metal smelting refers to the production process of producing rare earth metals or alloys using single or mixed rare earth oxides, salts, and other compounds as raw materials.

Rare earth secondary resources refer to solid waste that can be processed to make the contained rare earth elements regain use value, including but not limited to rare earth permanent magnet waste, waste permanent magnets, and other rare earth-containing waste.

Rare earth products include rare earth mineral products, various rare earth compounds, various rare earth metals, and alloys.

Article 31: For the management of other rare metals besides rare earths, the relevant departments of the State Council may refer to the relevant provisions of these regulations.

Article 32: These regulations shall be implemented from October 1, 2024.

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## Summary

- The Chinese government has implemented new regulations to manage rare earth resources, emphasizing protection, rational development, and high-quality industry growth.
- The regulations establish strict controls on rare earth mining, smelting, and export, including a traceability system for rare earth products and penalties for illegal activities.
- The state encourages technological innovation and comprehensive utilization of rare earth resources, aiming for a high-end, intelligent, and green industry development.



## Strategic Insights

- Foreign businesses should ensure compliance with China's new rare earth regulations, particularly regarding traceability and legal sourcing, to avoid penalties and disruptions.
  - Policymakers should monitor China's rare earth management strategies as they may impact global supply chains and influence international trade policies.
  - Strategists should explore opportunities for collaboration in technological innovation and sustainable practices within China's rare earth industry to align with the country's green development goals.
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