

Newsletter Eighth Edition on LinkedIn

US Select Committee accuses China of Predatory Pricing and Manipulating Global Mineral Prices

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US Representative Mike Gallagher, Republican of Wisconsin, is chairman of the new House Select Committee on Strategic Competition Between the United States and the Chinese Communist Party. Photo: Bloomberg

<https://www.scmp.com/news/china/article/3207901/us-house-speaker-kevin-mccarthy-names-13-republicans-new-committee-china>

Welcome to this eighth issue of the Lithium Briefing from thelithiumreport.com.

On Wednesday 11th November the US Select Committee on “**The Strategic Competition between The United States and the Chinese Communist Party**” issued a 50 page report entitled “**Predatory Pricing: How the Chinese Communist Party Manipulates Global Mineral Prices to Maintain its Dominance**”.

The report eschews the usual niceties of diplomatic language. In fact, it **does not mince its words**.

The report starts as follows:

*“Given the dire implications of the People’s Republic of China’s (PRC’s) unprecedented restrictions on critical minerals exports and recent establishment of a **comprehensive rare earths export control regime**, the Select Committee sought to better understand PRC’s stranglehold on mining and refining capabilities. As described in this report, the PRC government, under the Chinese Communist Party (CCP), has engaged in a coordinated, **decades-long scheme** to control different critical minerals and bend the global market to their will. The PRC’s domination of critical minerals stems from its **view of minerals in geostrategic terms, not as typical market commodities**. Former PRC paramount leader **Deng Xiaoping** captured the PRC’s strategic view of rare earths with the 1992 quote “**There is oil in the Middle East, there is rare earth in China.**”*

[Our emphasis in bold].

The report then lists 13 Key Findings, detailing how China controls the prices of critical minerals including **lithium**. For instance, Finding 5 states “While the PRC cannot control where mineral deposits are located, **it can control where resources are refined**”. There is certainly no denying the reality of that statement in relation to lithium.

Findings 10, 11, 12 and 13 all explicitly relate to lithium, stating that the **PRC** set out to **dominate lithium production**, hold stakes in or control **four** of the **top five lithium mines** and engage “in a coordinated **effort to artificially depress global lithium prices** that had the effect of preventing the emergence of an America-focused supply chain”.

However, we would observe that the “West” only has itself to blame. It was obvious in the years after we published “**The Trouble with Lithium**” in **2008** that China simply hoovered up as many lithium resources as they could and shipped it all off to China while the rest of the world just looked on and said “bring it on”. They did.

The policy of the current US Administration appears to be somewhat **at odds with itself**. On the one hand, they want to end US dependence on Chinese critical minerals and support domestic lithium production while on the other hand they are cutting support for electric vehicle sales, which would increase demand for lithium and enable a larger end-market to be established which would support an “America-focused” supply chain outside the Chinese sphere of influence.

The current situation is rather as if during the Cold War the west had permitted the Soviet Union to obtain control of its critical minerals and industries just because the Soviets rolled up with a chequebook and wanted to buy it. Why was China ever considered to be anything different?

In its Finding 10, “The PRC engaged in a whole of government effort to dominate lithium production”, The House Select Committee state: “*CCP domination **did not happen overnight** but through a systemic, years-long, government-directed effort to ensure China controlled the value chain. China was able to **achieve near-total dominance of lithium supplies** in a six year span. The evidence laid out below suggests this dominance was not an accident but instead a direct result of PRC government policies*”.

We would quite agree but have to say that it was very clear what they were doing and **nobody lifted a geostrategic finger to stop them**. The “west” was far too busy with “issues” east of Aden that pale into insignificance in comparison.

Europe has treated **electrification of transport** as just another business, **pushed into it** somewhat **reluctantly** by political pressure to do something about climate change. Of the Europeans, German car manufacturers lead because China is their biggest market and they needed EVs to stay in the game.

The **USA** has treated electrification of transport as an **unwanted disruption** of a cosy business model at best and as an **anathema** by climate change deniers and oil interests at worst.

China has treated electrification of transport as the means to simply **leapfrog** 100 years of the western automotive industry and **own the future**, leaving the west far behind in the dust.

Battery electric vehicles clearly have their limitations. But as always, the Chinese take the long view. **Electrification in some form or other is the future**. Whereas all the futuristic scenarios of

atomic powered transport that were all the rage in the 1950s have remained science fiction, humanity still holds in its imagination a better future of clean, green, unlimited electrical power. The Lilon battery is far from perfect but at least it provides a stepping stone to that world. You can be sure that China are already planning their **next great leap forward** when the time is right – for them. What is the “West” doing?

It is possible that China is aware or **concerned** that they **might not be able** to maintain **control** of **overseas lithium deposits indefinitely**. The Chinese Government has a stated policy to reduce China's reliance on foreign material sources. In early 2024 there were at least **40 battery recycling** projects in development. One Chinese researcher predicted lithium production from recycling would equal domestic mine production in 2029. With 60% of current EV sales taking place in China, **millions of batteries** are coming to the **end of their life** and are ready to be recycled. By the end of the 2020s, when over 20 million NEVs will be sold per year, **spent batteries** will be generating several **hundred thousands of tonnes of lithium carbonate** and other materials per year.

This could **entrench Chinese dominance** even further. They can keep lithium prices low, inhibiting foreign lithium production, while recovering sufficient lithium from recycled batteries and their own mine production to satisfy their domestic market and exports. As more Chinese EVs enter foreign markets, you can be sure the cars will be reclaimed at the end of their life for the lithium to be recovered. Particularly as they move to a **battery swapping** model.

This **hegemony** will be facilitated by the Chinese EV and battery plants under construction in Europe, Brazil and elsewhere. In Brazil, they will build EVs and BYD may set up a lithium mine in the “Lithium Valley” region. Another Chinese company is already the main investor in the Das Neves lithium project. A similar scenario could be taking shape in Portugal.

Our own production scenario shows Chinese **domestic mine production** reaching over 800 kt LCE in 2030 and over 1 million tonnes LCE in 2035.

In our report, we predict that by 2030 **China** will increase production by **326%** to become the **second largest producer** after Australia and that **Africa** will become the **third** largest producer.

But who controls Africa's production? Overwhelmingly China. China already controls 58% of Africa's lithium resources and if they take the southern part of the Manono Deposit in the DRC, they will own 87% - more if unquantified resources in Namibia, Ethiopia and Nigeria are added.

Australia will remain the largest producer but most of its output goes to China. Attempts to develop a domestic lithium chemicals industry have been an unmitigated disaster so far. There is nowhere else to sell their spodumene concentrate but to China.

It's getting pretty late in the day for the west to correct the lithium hegemony imbalance. At this rate, China will control far more of the lithium supply chain than the USA ever controlled oil supply. In fact they already do.

[The Lithium Report 2025 – 2035: The Next 10 Years. Everything you need to know about upstream lithium supply.](#)

Article available on line at

<https://www.linkedin.com/pulse/us-select-committee-accuses-china-predatory-pricing-global-tahil-39zke>