Rare Earth Industry Association Market Report

Annual Overview 2025

By Benchmark Mineral Intelligence

Rare Earths Market: 2025 in Review

Major Events

Export Control
- China issued export controls for 7 medium and heavy rare earth elements with the requirement of applying for licenses.

US$110/kg
- MP Materials announced an agreement with DoD for a 10-year PrNd price floor commitment at US$110/kg.

Dy/Tb
- Lynas Malaysia started first commercial scale Dy and Tb production outside of China.

Quotas
- China's Ministry of Industry and Information Technology proposed updates to the quotas regulation: while the mining quota remains limited to domestic extraction, the refining quota will now include both domestic and imported feedstock. Previously, imported feedstock was exempt from the refining quota.

US$6.3 Billion
- The industry outside of China received global capital investment announcements totalling US$6.3 billion.

Supply

- Supply in 2025 has been strengthened by Myanmar's shipment recovery and increased flows from Laos over the first three quarters.
- Mined supply growth from China slowed in 2025 to accommodate imported material for refining under the new quota system.
- MP Materials ceased shipments of concentrates to China for refining in April 2025.
- There are multiple delays in production timelines for several major, high-probability projects, mainly due to funding challenges, uncertain regulations, complex processing requirements and infrastructure needs.
- A surge in strategic consolidations, spanning acquisitions, mergers, joint ventures, and technology partnerships, has been seen in 2025. These developments signal a real and timely effort in global supply chain diversification.

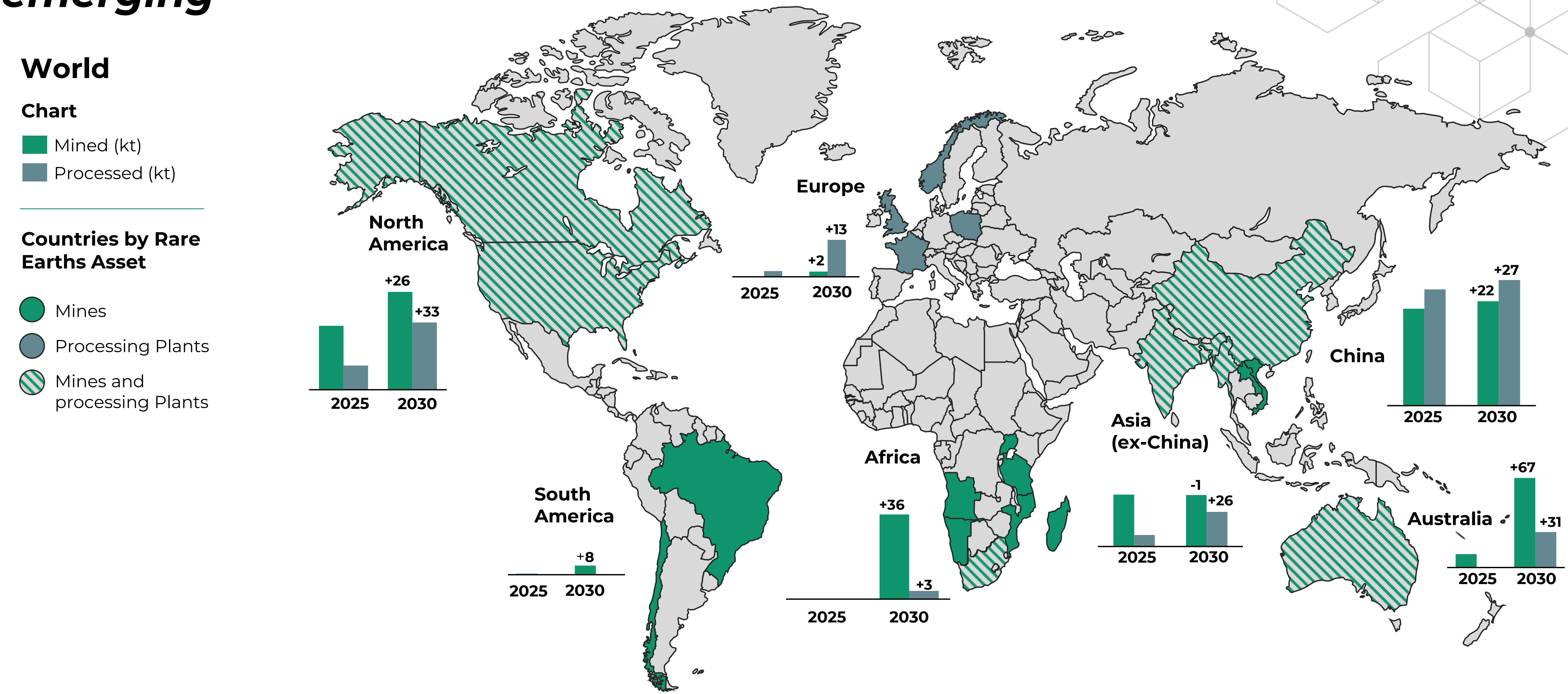
Demand

- E-mobility continued to be a high-growth driver for permanent magnet demand in 2025, growing at 17% from 2024 to 2025.
- China started 2025 with bullish OEM targets, BEV cost advantages, and renewed trade-in subsidies, though growth slowed over the course of the year.
- Demand in Europe showed greater growth with a renewed focus on subsidy support for the EV market. However, with emissions standards deadlines moving to 2027, the growth is expected to ease in 2026.
- In the US, EV sales fell by 0.1% in 2025. Demand was brought forward in the first half of the year ahead of the EV tax credit removal and anticipated tariff-driven price increases, followed by a sharp decline in the second half as the tax credit removal took effect.
- The OBBBA accelerates the phaseout of certain IRA energy tax credits, including the section 48E Clean Electricity Investment Credit for wind and solar projects placed into service after 2027, unless construction begins by 4 July 2026, slowing REPM demand growth for the wind sector from 2028.

Prices

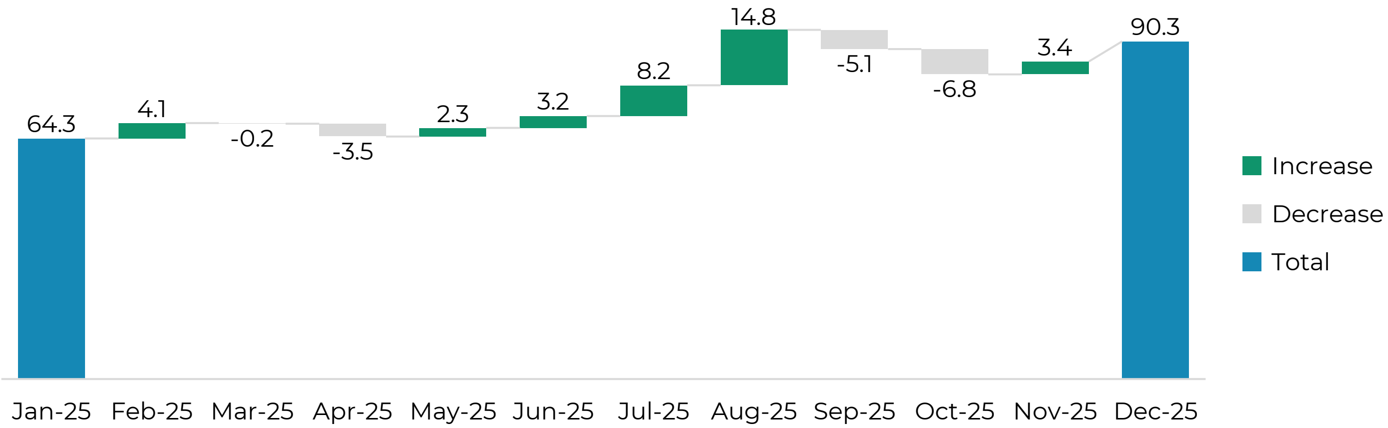
- PrNd prices rose from $55.7/kg to $81.1/kg by the end of 2025. The increase began after the $100/kg floor price plan was announced and China introduced a new quota system. Falling stockpiles, combined with delays to new mining capacity, kept PrNd prices elevated, although the market remains in surplus.
- Tb prices were up 19% y-o-y in 2025, averaging US$949/kg. The prices climbed since export controls and have remained elevated due to the lack of processing capacity outside of China.
- Chinese producers regained profits as oxide prices rose after the 2024 downturn. Producers outside China saw lower margins. MP Materials' revenue fell after halting shipments to China, while Lynas Rare Earths' net profit dropped despite higher revenue, reflecting high costs at its expansion projects.

Rare Earths Oxide Supply: Dominated by China, but ROW projects emerging

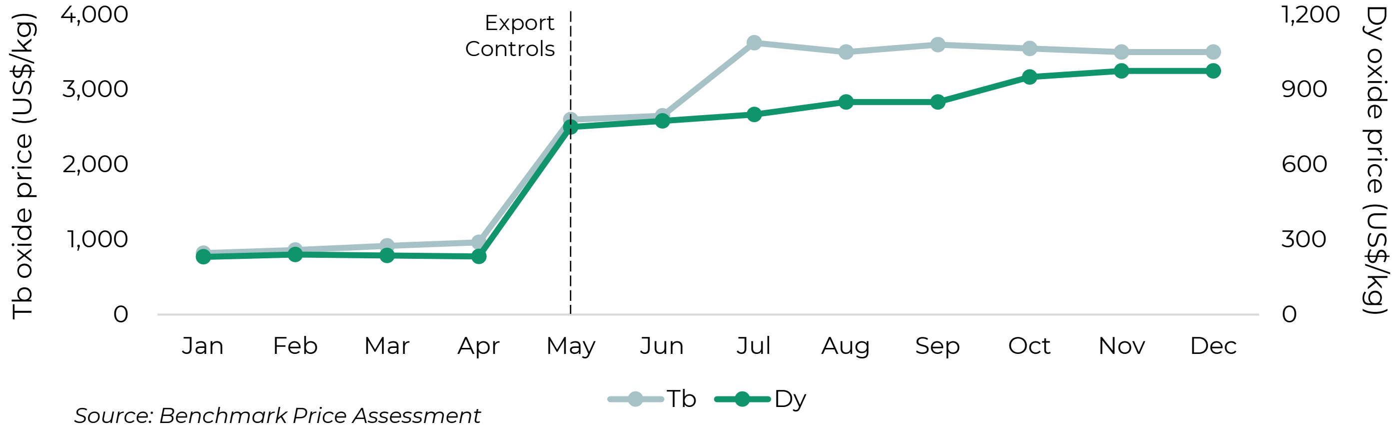


The emergence of an inflated ex-China market

Magnetic rare earths weighted average price (DDP China)
US$/kg



HREE Price Reaction From Export Controls (CIF Europe)

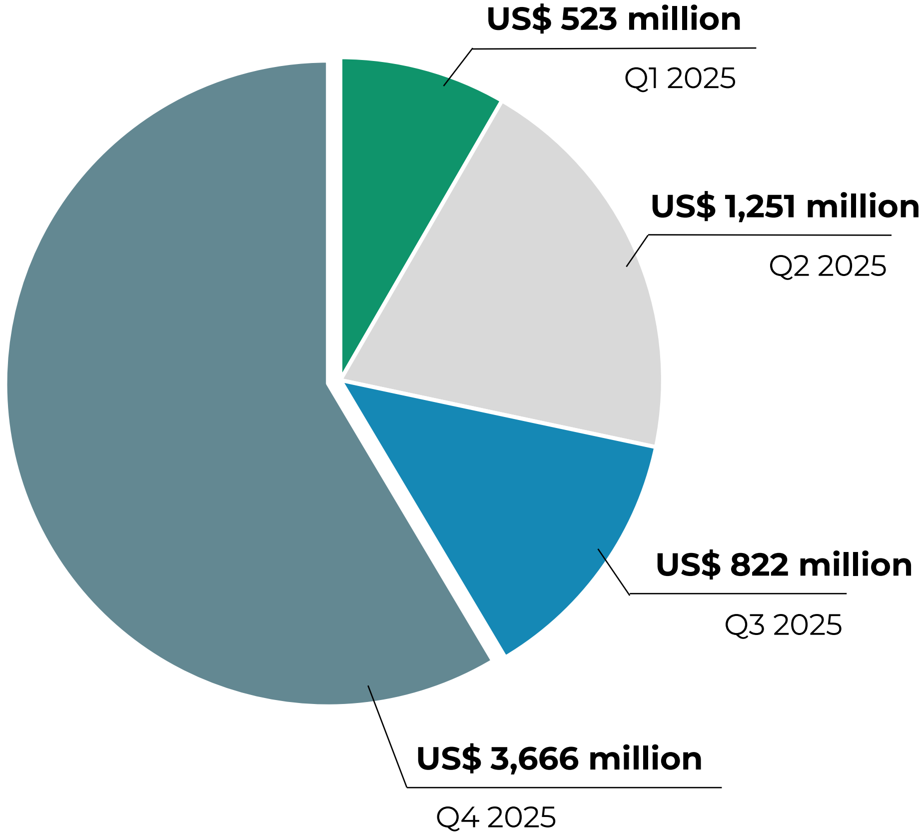


Source: Benchmark Price Assessment

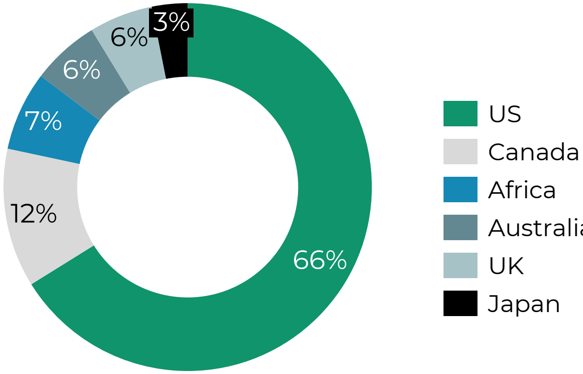
- Following China's rare earth export controls and the corresponding responses by Western countries, rare earth prices experienced volatility throughout the year.
- DDP China Terbium prices surged to approximately US$1,000/kg in April 2025, the highest level since 2023, following China's announcement of export controls on critical HREE. Prices have remained elevated since, due to the lack of HREE processing facilities outside of China.
- PrNd prices climbed sharply after MP Materials announced the US$110/kg floor price plan with the US Department of Defense and China announced its new quotas system.
- Rare earth prices have become increasingly bifurcated following the China export controls in April. By the end of December, dysprosium oxide prices (CIF Europe) reached US$975/kg, trading at a 387% premium to the Chinese domestic market. Terbium oxide prices (CIF Europe) rose even more sharply, reaching US$3,500/kg, 288% higher than comparable prices in China.
- Export restrictions have driven price inflation outside China, leading to the emergence of an ex-China price index and visible market bifurcation. Despite this, price discovery remains largely China-centric, and a formal, liquid pricing mechanism outside China has not yet been established.
- With the emergence of an ex-China pricing index, producers outside China are accelerating project development across the supply chain, driven by upward price pressure and the need to diversify supply sources and improve supply chain resilience. However, no mining projects are expected to come online by 2027 due to lengthy development timelines.

Capital Investment Announcement Overview 2025

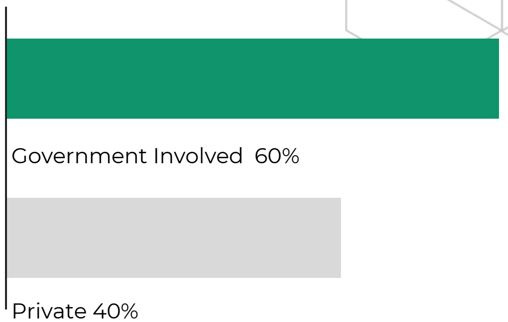
Quarterly split of global capital investment announcements



Regional split of the share of government investment announcements



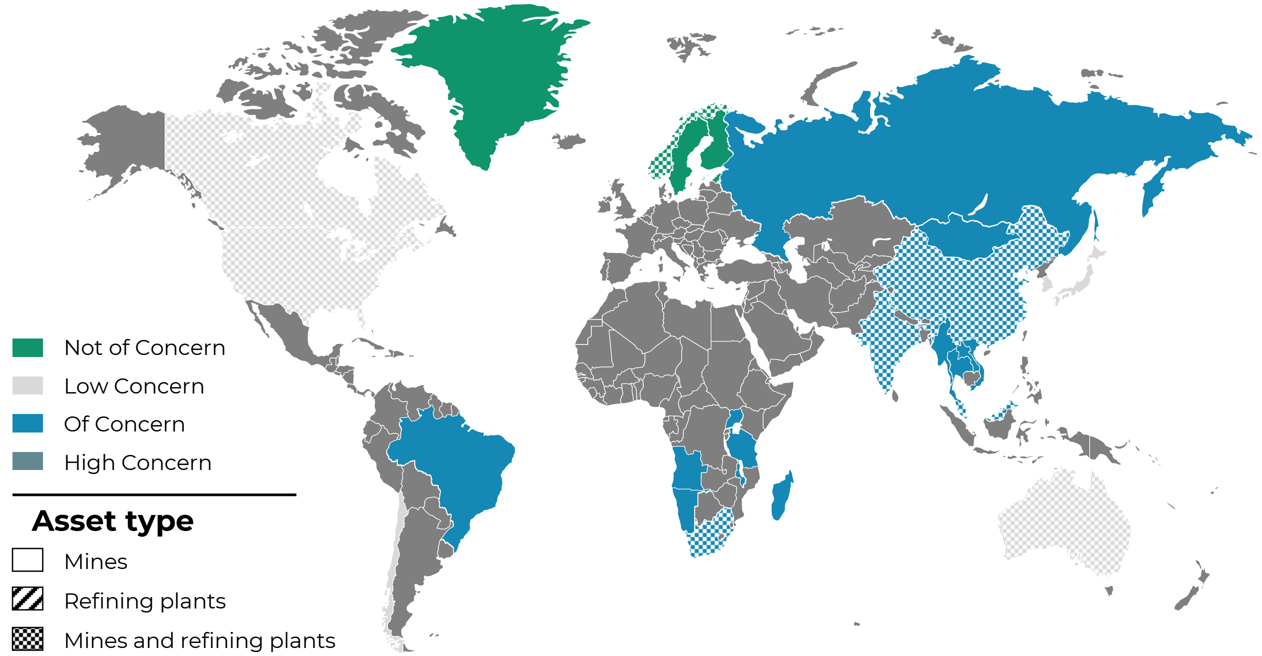
Government investment announcement share



Funding announcements increased sharply in 2025, reflecting a policy response to China's recent export control

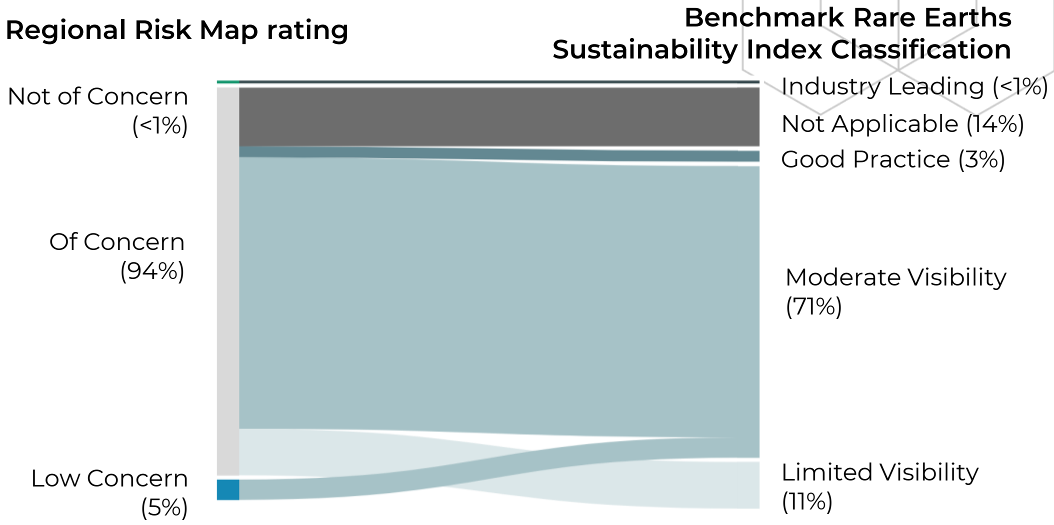
- Global capital investment announcements in the rare earth sector reached $6.3bn in 2025.
- Government-led consortia accounted for ~60% of total announced funding, with the remaining 40% from the private sector.
- The US led global government involvement, announcing US$2.5 billion in commitments — 66% of all government-linked funding worldwide — followed by Canada with US$470 million.
- Access to capital remains a key barrier for Western projects — particularly at the midstream and downstream stages — as commercial lenders often cannot underwrite commodity price and technology risk.
- These investments span across the entire supply chain, from mining, processing, magnet making to end-of-life recycling.

Limited availability of refined rare earths supply from low-risk regions and Industry Leading companies



- Benchmark's Regional Risk Ratings are derived from 14 indices selected to comprehensively represent key potential risks from a sustainability perspective. The risk ratings for countries span from 'Not of Concern' to 'High Concern'.
- Benchmark's Sustainability Index assesses both operating and developing companies on their performance and transparency regarding sustainability. This assessment is based on 87 indicators covering environment, social and governance (ESG) aspects. Each company is assigned an overall score, which is categorised into one of the following classifications: Industry Leading, Good Practice, Moderate Visibility and Limited Visibility.

Refined rare earths regional sustainability risk of supply



- The supply sourced from Industry Leading companies, which is the highest achievable classification in the Benchmark Sustainability Index, and located in 'Not of Concern' regions, is considered to pose the lowest risk. However, only 0.7% of the refined rare earths supply in 2025 is projected to come from this category.
- In contrast, supply from Moderate Visibility companies operating in 'Of Concern' regions constitutes the majority (66%) of the refined rare earths supply in 2025. This will be alongside 11% of the supply derived from Limited Visibility companies in the same regions of concern.

Glossary

REE
Rare Earth Element(s)

LREE
Light Rare Earths

HREE
Heavy Rare Earths

REO
Rare Earth Oxide

TREO
Total Rare Earth Oxide

Pr
Praseodymium

Nd
Neodymium

Dy
Dysprosium

La
Lanthanum

Ce
Cerium

Eu
Europium

Sm
Samarium

Tb
Terbium

Gd
Gadolinium

Er
Erbium

Ho
Holmium

Y
Yttrium

NdPr
Neodymium-Praseodymium

REPM
Rare Earth Permanent Magnets

NdFeB
Neodymium-Iron-Boron Magnets

OEM
Original Equipment Manufacturer

BEV
Battery Electric Vehicle

DoD
U.S. Department of Defense

OBBBA
One Big Beautiful Bill Act

DDP
Deliver Duty Paid

CIF
Cost, Insurance, and Freight