

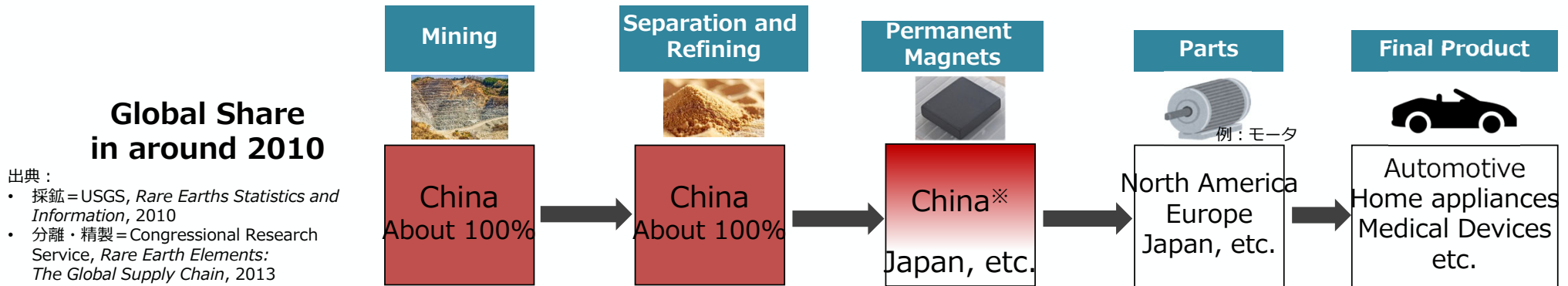
A Perspective from Japan's Economic Security Policy

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Lessons from Rare Earth Shock in 2010



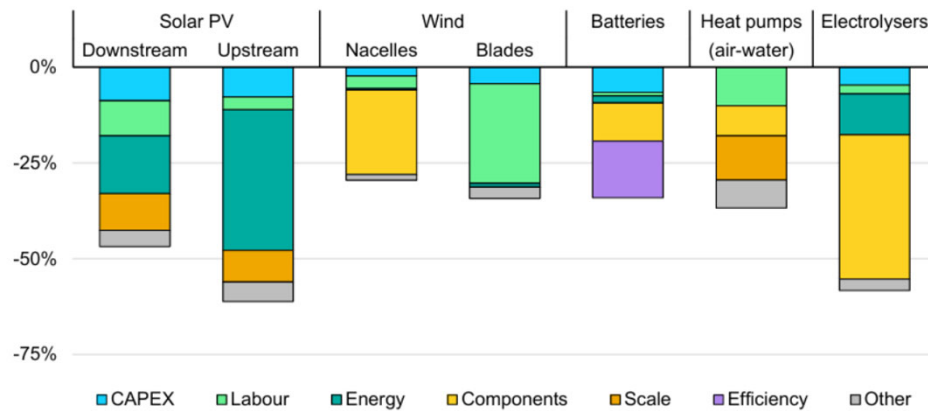
※IEA 『With new export controls on critical minerals, supply concentration risks become reality』
 According to the report, around 2005, China accounted for about 50% of the world's production of sintered permanent magnets.

	Upstream (Mining, Separation & Refining)	Midstream and downstream (permanent magnets, parts)
Achievement	<ul style="list-style-type: none"> Invested in mine development and refining for rare earths to diversify supply sources. → Reduced dependence on China to around 70%. 	<ul style="list-style-type: none"> Promoting "rare earth conservation" and "recycling" through subsidies. → Progress in reducing the use of rare earths.
Challenge	<ul style="list-style-type: none"> In some projects, profitability has deteriorated after the rare earth export control has been relaxed. 	<ul style="list-style-type: none"> Difficulties in accruing sufficient rare earths, some downstream process has been relocated overseas.

Analyses by international organizations

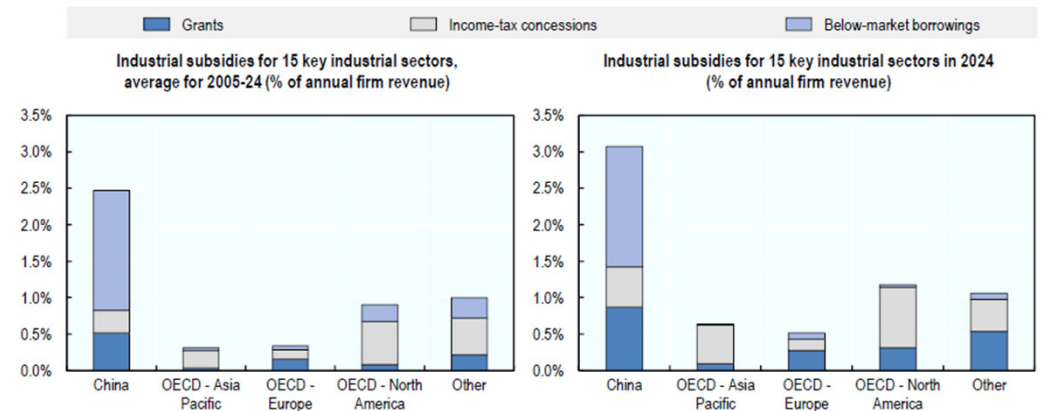
Results:
IEA's ETP 2026

Figure 1.5 Difference in manufacturing costs in China compared with the European Union for selected clean energy technologies by cost factor, 2024



Causes:
OECD's
"MAGIC Database of Industrial Subsidies" June 2026

Figure 2. The geography of industrial subsidies



Note: The values above are averaged by geographical grouping using firms' revenue as weights. Geographical groupings are based on the location of firms' headquarters or main place of production, which does not always correspond to where companies receive their subsidies. Source: OECD MAGIC database.

OECD's press release on 1 June 2026

"Around 22% of global market share gains by firms that expanded over the past two decades can be linked to the subsidies they received, rising to 60% for Chinese firms. However, while subsidies increased firms' market shares, they did not lead to significant gains in productivity or profitability."

Action on reducing dependencies on a single supplier



G7 leaders' declaration on securing supply chains for critical minerals (17 June 2026)

- To this end, we, together with partner countries, will cooperate closely to advance production, processing and recycling projects across the entire supply chain. We will promote the development of coordinated projects through demand aggregation and the mobilization of public and private collective financial capacities. In so doing, **we aim to significantly reduce our dependencies on a single supplier outside the G7 and partner countries for rare earths and permanent magnets to under 60 per cent by 2030 and continuing to decrease further over time, with an ambition to reach 50 per cent as soon as possible.** For other critical minerals, we task the relevant ministers with setting a specific target for reducing these dependencies before the end of the year.
- We welcome the progress towards these goals, especially through the 195 projects announced since the beginning of 2026 that have reached 64 billion euros of investment, including equity participation and offtake agreements, in the critical minerals value chains, from G7 and partner countries, and through the joint plan for developing industrial capacities for rare earth and permanent magnets.