# China Escalates Strategic Mineral Export Controls to "All-of-Society Oversight"

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On June 24, 2026, China's Ministry of Commerce (MOFCOM) issued Announcement No. 26, declaring that effective July 1, 2026, the reporting and handling mechanism for violations regarding dual-use strategic mineral export controls will be further refined [商务部公告 2026 年第 26 号]. This policy signals that China's export supervision over critical strategic resources, such as rare earths, antimony, gallium, germanium, and tungsten, is officially evolving from traditional customs "border checks" into a networked "all-of-society oversight" encompassing the entire supply chain. Under this tightening enforcement climate, enterprises dealing with strategic minerals and dual-use items must re-examine and fortify their compliance boundaries.

## 1. Plugging Institutional Gaps: From Single Agency Oversight to Collective Social Power

Over the past few years, as export controls on critical minerals tightened, illicit actors resorted to sophisticated evasion tactics, including third-country transshipments, physical camouflage, and fraudulent customs declarations. A case in point occurred in December 2025, when a Shenzhen court handed down a severe 12-year prison sentence to the ringleader of a syndicate that smuggled 166 metric tons of antimony ingots. This case reflects the highly adaptive and covert nature of modern cross-border supply chain violations.

Relying solely on routine administrative checkups and random customs inspections makes 100% precision interception impossible. MOFCOM's move to refine the whistleblower framework is a concrete step to implement Article 31 of China's *Export Control Law*. Aligning with international "whistleblower" precedents, this system leverages public, peer, and internal

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corporate oversight to weave a watertight non-proliferation mesh. It aims to effectively prevent strategic resources from being diverted into unauthorized or military end-uses, projecting China's role as a responsible major nation.

## 2. Core Architecture of the Announcement: Real-Name Rewards and Two-Way Safeguards

The core of Announcement No. 26 lies in the establishment of a precision enforcement ecosystem defined by "online-offline synergy, balanced incentives and penalties, and strict confidentiality":

- Substantial Rewards for Verified Real-Name Reports: A newly launched online reporting platform alongside a dedicated hotline (010-12369) will focus on 13 targeted categories of typical violations, such as circumvention of end-user reviews and unauthorized transfer of controlled technology. Whistleblowers who file real-name reports that lead to verified violations will receive substantive administrative and financial rewards, backed by the highest level of personal data protection.
- Severe Penalties for Malicious False Accusations: To prevent the whistleblower system from being weaponized for unfair market competition, the regulation explicitly notes that individuals fabricating evidence to maliciously sabotage commercial competitors will face strict legal prosecution.
- A Dedicated "Voluntary Disclosure" Safety Valve: For legitimate businesses, the announcement provides an off-ramp. If a company uncovers compliance anomalies during internal self-checks and proactively reports them to MOFCOM, it is legally eligible for mitigated or reduced administrative penalties .

## 3. Corporate Strategy: Shifting From Passive Defense to Proactive Compliance

With the new system taking effect, any enterprise integrated into the strategic mineral and dual-use supply chain will operate under the "microscope" of internal employees, industry competitors, and freight forwarders. Facing a fully upgraded regulatory and law-enforcement landscape, companies should immediately deploy three actionable compliance safeguards:

First, establish or optimize internal "whistleblower" mechanisms. Businesses must pioneer internal channels for compliance reporting and exhaustive self-audits. By ensuring that potential red flags, such as a sales representative attempting to relax a client screening, or logistics personnel suggesting unapproved rerouted transport, are caught and remedied internally, companies can prevent issues from escalating into external government administrative investigations.

Second, deepen "penetrative" Know-Your-Customer (KYC) and strict end-use reviews. Deep-dive background checks are mandatory for all foreign orders involving sensitive strategic minerals. Compliance officers must look past the immediate buyer to scrutinize their ultimate ownership structure and associated entities, while strictly verifying *End-User and End-Use Certificates (EUCs)* to guarantee materials are not indirectly routed to restricted entities.

Third, maintain comprehensive supply chain tracing logs and formulate voluntary disclosure protocols. Companies must ensure that all logistics data, customs filings, contracts, and technology transfer records are completely archived and unalterable. If an internal audit uncovers historical compliance lapses, executives must instantly evaluate the situation against the announcement's "voluntary disclosure" clauses to seek leniency or immunity, rather than leaving it to chance.

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