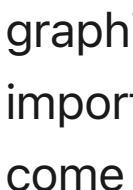




Swedish Sustainable Graphite

# Reflection over Pivot Point for Graphite. ...



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As China curbs exports of battery-grade graphite and USA legislates against Chinese imports for IRA subsidies. Where will supply come from?

In a recent development that is sending ripples through the global battery supply chain, China has implemented new export permit restrictions on battery-grade natural graphite effective December 1. Concurrently, the US proposes to limit Chinese battery material imports starting 2025 to qualify for Inflation Reduction Act subsidies. These regulations are set to create a major turning point for global graphite trade dynamics, affecting almost all western automakers with EV's. The new requirements are spurring interest in new graphite-anode projects that can qualify for western auto EV batteries.



## China starts new export restrictions

Graphite is a crucial component in the production of lithium-ion batteries, with graphite making up approximately 50% of the volume by forming the anode of the battery. China dominates the supply and downstream processing of battery graphite, with nearly 99% of global anode having a China source.

As of December 1, Chinese exporters are required to apply for permits to ship natural flake graphite and its products meeting battery grade<sup>1</sup>. The move is said to be in line with China's broader strategy to assert control over strategic minerals and ensure sustainable resource management for itself, similar to earlier restrictions on gallium and germanium.

## US new policy on battery material imports

Simultaneously, the US has adopted a proactive stance to safeguard its domestic industries and secure a stable supply chain of critical materials. Under the Inflation Reduction Act, the US government has introduced policies that tie significant automotive subsidies to the restriction of imports of battery materials from foreign entities of concern, which includes China<sup>2,3</sup>. This policy shift underscores the US government's commitment to promoting self-sufficiency in the production of essential components, especially those vital to the electric vehicle market.

## Implications for global trade

The interplay of these policies from both China and the US is likely to have profound consequences for the global battery and graphite supply chain. Industries involved in electric vehicle manufacturing, consumer electronics, and renewable energy storage are now more liable than ever to potential battery supply disruptions and geopolitical barriers.

The simultaneous implementation of these policies amplifies the weakness of existing graphite supply chains and forms a major pivot point in the graphite market. Graphite is shifting from a low-order mineral in general industrial use to critical and strategic importance. For countries and automotives with rapidly expanding electric vehicle industries, the requirement for new projects to be built has never been higher.

**Talga Group Ltd Managing Director Mark Thompson said** *"The new regulations in China and the US have rocketed interest in graphite anode production. Automotive OEMs are now taking a strong interest in the supply chain of graphite instead of just leaving it to the battery cell makers. In addition, global forecasters have just reported price rises across almost all graphite products in the last week, after a year of continual downturns in 2023."*

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1  
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