

Cautious steps need of the hour: Experts

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Chinese restrictions on supplies of rare-earth minerals and fertilisers and the country calling back specialised technicians from India have put policymakers in New Delhi in a tough spot, according to sources.

Experts say the way out has to be a balanced approach because India cannot afford a retaliatory move, considering its dependence on the neighbouring country for inputs.

They are of the view that China's recent actions may be to warn India because of the way tensions are deepening over trade and geopolitical alignments.

A case in point is Foxconn Technology Group sending hundreds of its Chinese engineers and technicians back home from its iPhone factories in India. This is likely to affect Apple's iPhone 17 production, expected to be unveiled in the middle of September.

It is learnt that the move may have been prompted by the Chinese government's focus on strengthening its supply chain. Besides, there's signalling from the Chinese side that the technology for making machines for new products should remain in that country.

Besides, China has not only reduced exports of a critical fertiliser, di-ammonium phosphate, creating a global supply squeeze, it has imposed curbs on rare-earth elements, adversely impacting the automotive industry.

The timing of these moves is crucial, considering that India is moving closer to finalising a trade agreement with the

United States (US) and Washington's strained relations with Beijing despite a trade deal between the two.

The trade deal (India-US) may include provisions discouraging or limiting the use of Chinese-origin inputs in Indian exports to the US, which is a red line for Beijing, said Ajay Srivastava, former official in the commerce ministry and founder of Delhi-based think tank Global Trade Research Initiative (GTRI).

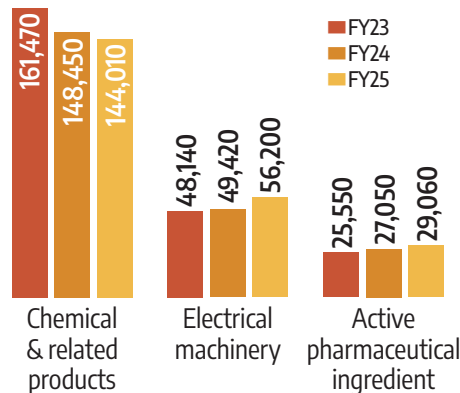
"By restricting exports of critical minerals and withdrawing engineers from Indian manufacturing sites, China is signalling the costs of decoupling. Additionally, recent remarks from official circles labelling the Association of Southeast Asian Nations the 'B team of China' may have further provoked Beijing," Srivastava said. "Through these calibrated moves, China is reminding India of its deep reliance on its inputs across hundreds of industrial and tech products, suggesting that the current curbs are just a 'trailer' of the broader disruption it could unleash if India doesn't align more cautiously," he said.

Over the past few years, India's exports to China have been contracting but imports have been going up. During 2024-25, exports to China reduced 14 per cent year-on-year to \$14.2 billion, as compared to imports, which showed 11.5 per cent growth at \$113.4 billion.

Biswajit Dhar, professor, Council for Social Development, said India should play its cards carefully, considering "our dependence" on Chinese imports. "India cannot get tough with China. If there are further restrictions on imports, it may start hitting domestic manufacturing."

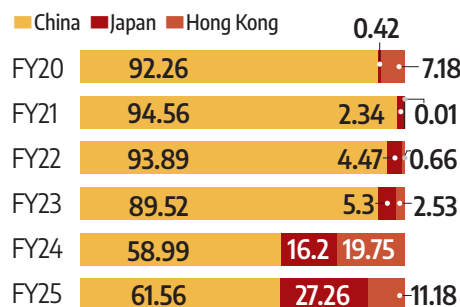
In numbers

India's key categories of imports from China (₹ crore)



Source: CMIE

Leading rare-earth suppliers to India (share in %)



Sources: PIB, Department of Commerce, BS calculations
Note: This only includes rare earth metals under the HS code 28053000



PHOTO: REUTERS

Countries by value of India's fertiliser imports (₹ crore)

	Russia	Saudi Arabia	Morocco	Jordan	Oman	China
FY21	4,430	5,730	5,540	4,260	3,930	11,500
FY22	5,780	14,150	10,220	7,000	7,780	21,940
FY23	24,520	18,460	14,770	9,240	9,780	18,900
FY24	17,150	9,230	7,270	6,270	5,720	18,660
FY25	15,509	12,480	9,880	9,330	9,050	7,380

Source: CMIE

Global share of rare-earth elements in 2024 (%)

	Mine production	Reserves
China	69.23	48.89
US	11.54	2.11
Australia	3.33	6.33
Thailand	3.33	0.01
India	0.74	7.67
Russia	0.64	4.22

Note: 'Reserves' refer to the economically recoverable portion of the reserve base at the time of assessment. This does not necessarily imply that extraction facilities are available or operational. According to the US Geological Survey, total global reserves of rare earth elements (REEs) exceed 90 million tonnes. Country shares are calculated based on this figure. Source: Mineral Commodity Summaries 2025, US Geological Survey; BS calculations

DATA COMPILED BY SHIKHA CHATURVEDI