

Rare earths on table as India, China agree to discuss trade

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India and China have agreed to hold a series of functional dialogues, including on economic and trade matters, in a bid to ease tensions and further normalise ties between the neighbours. Among the key issues on the table are China's curbs on the export of rare earth materials — a restriction that has triggered uncertainty within India's automobile industry.

New Delhi has pushed Beijing to ensure greater predictability in

supply chains, in line with international trade practices.

On Thursday, Indian Foreign Secretary Vikram Misri met Chinese Vice Foreign Minister Sun Weidong, who was here for a two-day visit that concluded on Friday. Sources familiar with the discussions said the two sides specifically addressed Beijing's April decision to impose export controls on several rare earth-related items, enforced by the Chinese Ministry of Commerce and the General Administration of Customs.

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The talks are expected to continue under a broader framework for economic and trade cooperation.

A statement from the Ministry of External Affairs (MEA) said both sides had “agreed to hold certain functional dialogues, including in economic and trade areas, to discuss and resolve issues of concern”. A statement from China’s foreign ministry said Sun and Misri had “a candid and in-depth exchange of views on bilateral exchanges and cooperation, as well as international and regional issues of mutual interest.”

Earlier, official sources in New Delhi had signalled that a breakthrough on rare earth supplies -- especially permanent magnets, which are critical for the manufacturing of electric vehicles -- may be within reach. Responding to a question on the matter, MEA spokesperson Randhir Jaiswal confirmed that India had been in touch with Chinese authorities, both in Beijing and in New Delhi. Indian ambassador to China, Pradeep Kumar Rawat,

had also met Sun in Beijing on June 5, with both sides exchanging views on “issues of common interest and concern”, according to a Chinese foreign ministry readout.

Sun’s trip comes six months after Misri travelled to Beijing, a visit that helped revive dormant bilateral exchanges between the two countries. India-China relations had sharply deteriorated following clashes and standoffs along the line of actual control in 2020. However, a meeting between Narendra Modi and Xi Jinping in October last year appeared to mark the beginning of a thaw.

In Beijing on Thursday, when asked whether China would extend the same relaxation of rare earth export curbs to India as it had recently done for the US and the European Union, Chinese foreign ministry spokesperson Lin Jian said: “We are willing to enhance dialogue and cooperation with relevant countries and regions to jointly keep the stability of global industrial and supply chains.”

During his meeting with Sun, Misri also expressed appreciation for China’s support in resuming the Kailash Manasarovar Yatra pilgrimage this year. He also referred to the upcoming April 2025 session of the Expert Level Mechanism on trans-border rivers, which is expected to resume the sharing of hydrological data and other forms of cooperation.

According to the MEA, both sides agreed to speed up steps to restore direct air services between the two countries. Misri said he hoped an updated Air Services Agreement could be concluded soon. The two delegations also agreed to take practical steps towards easing visa processes and promoting greater engagement between media organisations and think-tanks.

Misri and Sun, the MEA said, “positively assessed the activities planned under the 75th anniversary of establishment of diplomatic relations between India and China and agreed to facilitate the same”.