

# China unlocks REM import licences for Indian firms

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New Delhi, 25 December

China has gradually started issuing licences to import rare-earth magnets (REMs) into India through suppliers of domestic as well Indian units of foreign companies, according to government officials.

Some of the companies on the list are Jay Ushin, Indian units of German automotive component maker Continental AG, vendors of Mahindra, vendors of Maruti Suzuki, and suppliers of Honda Scooters and Motorcycles.

"Although it's a slow start, China's Ministry of Commerce has started processing and clearing the applications. Some companies have received necessary approvals. The process has now started," one of the officials told *Business Standard*.

China dominates the global production and capacity of REMs, which have been subjected to export restrictions since April 4.

REMs are critical to industries ranging from automobiles and automobile components, electronics, medical

industry and even defence.

While Beijing had imposed export licensing norms in response to the United States' (US) increased tariffs on Chinese products, countries across the world have been getting affected by these restrictions.

Under the rules, Chinese sellers will now receive export clearance if importers can guarantee that there is no dual-use of the materials or for defence-related applications. The process, however, is complicated and long-drawn.

Maruti Suzuki and Mahindra and Mahindra declined to comment on *Business Standard's* queries. Jay Ushin, Continental AG, Honda Scooters and Motorcycles did not respond to the emailed queries.

The Indian automobile industry had raised an alarm and flagged their concerns with the Indian government over the export curbs. They had said that

delay in approval of imports of these critical raw materials from China's ministry of commerce was causing disruption in the production schedule of Indian automakers, including electric vehicles.

Over the past six months, the Indian government has been in talks with the Chinese authorities to address industry concerns about the delay in processing applications for critical raw material shipments. In June, Chinese Foreign Minister Wang Yi, during his visit to New Delhi, had promised External Affairs Minister S Jaishankar that Beijing will ease restrictions on exports of rare earth min-

erals, among other items.

Government officials said that despite the disruption and delay in processing of applications, the industry has been able to manage and have found a way out to carry on production.



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