

China opens rare earth exports in major relief to Indian firms

BREAKTHROUGH. Situation eases on heels of one-year trade truce between US and China

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More than six months after it imposed export restrictions on rare earth materials, China has issued licences for the export of rare earth magnets to some Indian companies, the Ministry of External Affairs has confirmed.

The situation eased after the one-year trade truce between China and the US, which includes an understanding on rare earth supplies to Washington and a further easing of the additional export curbs, sources tracking the matter said.

The development comes as major relief for India's electronics and auto sectors, especially EV manufacturers facing disruption after Beijing restricted the supplies in April.

"I can confirm that some Indian companies have received licences for importing rare earth magnets from China. As far as there is a question of the recent talks and relaxations between the US and China, I will come back to you on how it's going to play into our domain," MEA spokesperson Randhir

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RANDHIR JAISWAL
MEA spokesperson

Jaiswal told a media briefing on Thursday.

TRADE TRUCE WITH US
Chinese President Xi Jinping and US President Donald Trump reached a one-year trade agreement on Wednesday in Busan. "We focused on export controls of China on rare earth, and they're going to keep those flowing, which is quite important," Trump had said after the meeting with Xi.

The Indian companies that have got licences reportedly include Jay Ushin Ltd, De Diamond Electric India Pvt Ltd, and the Indian units of German automotive component maker Continental AG and Japan's Hitachi Astemo.

"The news comes as a



short-term relief for Indian companies, which were severely impacted by the shortage. Vehicle production was reduced, and new launches were delayed. However, in the medium to long term, India's original equipment manufacturers (OEM) should focus on localising and manufacturing (rare earth materials) in India, which will end the dependence on China," Sagar Shetty, Research Analyst, StoxBox, told *businessline*.

As part of the US deal, Beijing has agreed to defer by one year the additional curbs it announced earlier this month on rare earth exports and equipment. The new additional export restrictions, to be implemented from November 9, mandated ex-

port licences for a wide range of rare earth technologies and materials. Importers were also required to furnish guarantees that items would not be re-exported. Deferment of the new restrictions would be a relief for Indian industry as well.

END-USER CERTIFICATE

The April export restrictions, which continue, prescribed that rare earths can be shipped only on issue of export licences. For this, exporters had to get an end-user certificate from the importers, establishing that the materials will not be used for weapons of mass destruction or their delivery systems.

"Even after Indian importers met all the conditions and gave the end-user certificates, export licences were not issued by the Chinese government, and supplies got delayed. The Indian Embassy in Beijing has been in constant touch with the Chinese government on the matter that finally seems to be getting resolved," a source tracking the matter told *businessline*.

With inputs from Aroosa Ahmed in Mumbai