

Auto-makers, govt 'working' to ensure rare earth magnet supply

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Mumbai

The Society of Indian Automobile Manufacturers (SIAM) and the Automotive Component Manufacturers Association of India (ACMA) have joined forces to work with the government to address the issue of curbs imposed by China on the supply of rare earth magnets.

The issue has assumed urgency as short supply of rare earth magnets, essential for manufacturing electric vehicles (EVs), could impact the production of EVs in the country.

CHINA CUTS EXPORTS

China accounts for 90 per cent of the global supply of rare earth magnets, and their exports were halved in April. Rare earth magnets are used in EVs in electric motors, regenerative braking systems and power steering.

"SIAM and ACMA are

working closely with the government on rare earth magnet supply. We have the government's full support, and I'm hopeful that the issue will be addressed before any kind of concerns emerge," Shailesh Chandra, President of SIAM and Managing Director, Tata Passenger Electric Mobility and Tata Motors Passenger Vehicles, told *businessline*.

Tata Motors is not expecting its EV production to be impacted due to the constrained supply of rare earth magnets from China.

"Eighty per cent of the products required for manufacturing electric vehicles come from China. Thirty applications for procuring rare earth magnets have been made by the auto industry, which are at various stages of approval. However, there has been no relief and if this continues, then production lines in July will be severely impacted," Rakesh Sharma, Executive Director of Bajaj



Shailesh Chandra,
President, SIAM

Auto, told the media.

Sudarshan Venu, Managing Director of TVS Motor Company, told a television channel that in the short term, the short supply of rare earth magnets will impact the entire industry a fair bit.

GOVT INTERVENTION

Experts have called for immediate intervention by the Union government to address the issue.

"A curb on their export by China can have material implications for the EV industry. The implications

could include inflationary pressures (led by higher costs for rare earth magnets in the backdrop of a shortage) or even disruption in production schedules in the absence of a seamless supply of the same. While OEMs are evaluating options to reduce the dependence on the supply of rare earth magnets, finding immediate alternatives is going to be challen-

ging," said Rohan Kanwar Gupta, Vice-President and Sector Head, Corporate Ratings, ICRA.

"The Government of India should intervene and discuss the issue with the Chinese government. Any further delay could impact Original Equipment Manufacturers' (OEMs) production schedules," said Sagar Shetty, Research Analyst at Stoxbox.

Delegation set to head to China to expedite shipments

S Ronendra Singh
New Delhi

A delegation of automakers, along with Commerce Ministry officials, is likely to visit China over the next few weeks to expedite the issuance of licences for the Chinese export of rare earth magnets to India based on the 'end-user certificate' submitted to the authorities in China.

HD Kumaraswamy, Minister of Heavy Industries, also confirmed that a delegation will go to China to resolve the issues on import of rare earth magnets.

China controls over 90 per cent of the global processing capacity for the magnets, used across multiple sectors including automobiles, home appliances and clean energy.

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