



EDITORIAL: THE HINDU

GENERAL STUDIES 2: INTERNATIONAL RELATION

DATE: 15.02.2025

Dealing with China's weaponisation of e-supply chains

China's Actions and India's Response

1. China's Restrictions on Foxconn

- In mid-January, China restricted travel for its engineers and technicians working at Foxconn's facilities in India.
- Chinese export restrictions also impacted critical specialized manufacturing equipment, crucial for Foxconn's production.
- Foxconn attempted to fill the gap with Taiwanese workers, but the halt in equipment supplies significantly disrupted operations.

2. Geopolitical Implications

- China's actions target India's ambition to become a global manufacturing hub, particularly through Apple-Foxconn.
- By controlling advanced machinery and trained workforce, China aims to hinder India's rise and maintain its strategic advantage in the global supply chain.

3. India's Economic Strategy

- Amid growing tensions between China and the West, India has embraced the "China Plus One" strategy to attract investment, benefiting from companies diversifying away from China.
- India's growing manufacturing sector, especially in electronics, poses a challenge to China's dominance.

4. Apple-Foxconn's Role in India

- Apple's \$14 billion worth of iPhones were assembled in India in FY 2024.
- Foxconn, along with Tata Electronics, has expanded its presence in Tamil Nadu and Karnataka.
- India is prioritizing Foxconn for electronics manufacturing and investment.

5. Challenges from China's Actions

- Despite its efforts, India still faces reliance on China for critical components and machinery.



- The zero-sum measures by China limit India's manufacturing growth, especially in the mobile phone sector.

6. India's Response to China's Blockade

- The Padma Bhushan awarded to Foxconn's Chairman reflects the growing significance of the company for India's economy.
- India's "Make in India" initiative is central to fostering large-scale manufacturing, especially in electronics.

7. Policy Support: PLI Scheme and Budget Allocations

- The Production-Linked Incentive (PLI) scheme has been critical in attracting investments in electronics manufacturing.
- The Indian government allocated ₹8,885 crore for PLI in 2024, reflecting its commitment to boost production.
- Key tax cuts on mobile phone components and machinery are aimed at reducing dependency on imports.

Conclusion

India's manufacturing sector faces challenges due to China's strategic disruptions, but the country's long-term strategy involves expanding self-sufficiency in components, machinery, and workforce. India's focus on supporting investments through policies like the PLI scheme, and creating an indigenous manufacturing ecosystem, is crucial for reducing reliance on foreign players, particularly China. To succeed, India must focus on nurturing local industries and ensuring technological expertise is transferred and scaled effectively.

Source: <https://www.thehindu.com/opinion/op-ed/dealing-with-chinas-weaponisation-of-e-supply-chains/article69220389.ece>