

Carryover rubber stocks will be high despite record offtake

Rising prices, improved production seen as reasons

M.R. Subramani
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India may not be the top producer of natural rubber but for the last three years it has been the country where carryover stocks have been the highest.

According to the Association of Natural Rubber Producing Countries (ANRPC), closing or carryover stocks of natural rubber are likely to be 4.34 lakh tonnes at the end of this year against 3.62 lakh tonnes a year ago.

The carryover stocks are over 40 per cent of the annual production.

Going by the ANRPC data, carryover stocks will be high despite projections of a record consumption of 10.01 lakh tonnes this year. Production this year is estimated at a record 9.11 lakh tonnes

(against 8.92 lakh tonnes last year) and imports at 1.92 lakh tonnes (1.58 lakh tonnes).

Carryover stocks in China, the world's top natural rubber consumer, are likely to be 3.32 lakh tonnes against 2.77 lakh tonnes last year. In Thailand, the top global producer, the carryover stocks are seen at 3.14 lakh tonnes against 3.61 lakh tonnes last year.

"ANRPC figures may be off the mark since the Rubber Board had revised the carryover stocks downward by 80,000 tonnes in March," said Mr Rajiv Buddhraja, Director-General of the Automotive Tyre Manufacturers Association, the apex body of domestic tyre companies.

NO REVISION
ANRPC said that though it

Rising inventories

(in '000 tonnes)

Country	2010	2011	2012*
Cambodia	0.3	6.9	6.9
China	314	277.6	332.6
India	314.9	362.5	434.5
Indonesia	81	65.1	61.1
Sri Lanka	1.7	16.8	21.3
Thailand	227	361.4	314.4

Source: ANRPC

was aware of the revision in carryover figures, it was not incorporating it in its data since no revision was made in production or consumption figures.

"Considering the material that is coming to the market, we feel the carryover stock figures are inflated," said Mr N. Radhakrishnan of Cochin Tyre Dealers Association. "Tyre companies want

RSS-4 (ribbed smoked sheet) rubber but they are not able to get enough quantity," he said.

"There is shortage of quality rubber despite the work being carried out by the Rubber Board. However, the Board began its work to make growers aware about quality of rubber only a couple of months ago," said Mr Radhakrishnan. "You need quality rubber to produce radial tyres," he said.

QUALITY AWARENESS

"Growers are now being told about the advantages of quality. As long as prices ruled higher, growers were not keen on producing quality rubber," said Mr Radhakrishnan.

There can be two reasons for the high carryover stocks

in India, said Mr Buddhraja. "Rising price trend has resulted in growers holding back their produce. This is because they expect higher prices. They also have the capacity to hold on to stocks," he said.

The other reason for higher carryover stocks is that overall production has improved, said the tyre industry official. "Higher imports, too, have resulted in increased availability of natural rubber," said Mr Buddhraja.

Imports increased to 1.92 lakh tonnes in 2011 from 1.58 lakh tonnes in 2010.

"Whatever reasons are given for this data, we still have doubts over the carryover figures," said Mr Radhakrishnan.

mrsubramani@
thehindu.co.in