

Tyre units seek duty-free import of rubber

Staff Reporter

KOCHI: Growers and traders expect natural rubber prices to hold firm in the first-half of 2012. Automotive tyre-manufacturers and other rubber-based industries fear that the gap between production and consumption would widen further in the New Year.

There is also growing concern about the near-stagnation in production in recent years.

"We expect prices to hold firm in the initial months of

2012," said K. K. Abraham, President of Pala Rubber Marketing Cooperative.

For the tyre industry, however, the New Year "has begun on a challenging note," said Neeraj Kanwar, Chairman of Automotive Tyre Manufacturers' Association. He told *The Hindu* that the gap between domestic production and consumption was likely to widen as efforts to import natural rubber proved expensive on account of the depreciation in rupee value.

The President of All India Rubber Industries Association (AIRIA), Vinod Simon, said that the economic slowdown and a flood of imported rubber products hit the domestic rubber industry while short supplies and high prices of natural rubber (NR) affected the rubber-based units, especially those in the small and tiny sectors.

Import duty

He hoped that the government would bring down the import duty on latex (now 70

per cent) to the level of natural rubber and raise import duty on finished rubber products.

N. Radhakrishnan, President of Cochin Rubber Merchants' Association, felt that a correction in NR price was possible after July because of the continuing recession.

Rubber Production Commissioner J. Thomas said that production had been affected by lack of drive among growers to replant owing to prevailing high prices. At least 10 per cent of the trees should be

in the juvenile stage normally. It was not the case now, he said. The anticipated production during the current financial year is just over 9 lakh tonnes and consumption is expected to be 9.77 lakh tonnes, leaving a supply gap of over 70,000 tonnes.

The tyre industry, which has lined up large-scale investments in the truck and bus radial segments, expects NR demand to go up. It has reiterated its demand for duty-free imports as a short-term measure.

