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Cheap Chinese rubber goods crippling Indian units: AIRIA

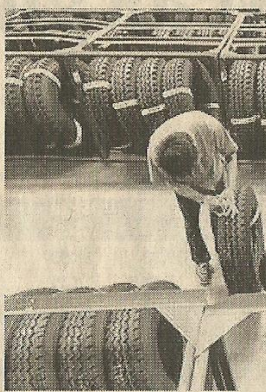
■ Industry body seeks waiver, cut in customs duty on various raw materials

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Thiruvananthapuram, May 23: As many as 294 rubber-product manufacturing units in India have shut shop in the last five years, pummelled by the sudden surge in cheap manufactured rubber goods from China, says the All India Rubber Industries Association (AIRIA). The body has approached both the Department of Industrial Policy & Promotion (DIPP) and the ministry of commerce in this regard.

The duty on finished goods being imported from China and other countries is 0-10% while the import duty on key raw materials including natural rubber (NR) and synthetic rubber (SR) ranges between 10% and 70%, AIRIA stated in a letter to DIPP. Since the import duty on most raw materials ranges in the high band of 10-70%, the cost of finished goods made from such imported raw materials is higher than the landed cost of such imported finished goods. This triggers the flux of finished goods imports.

Since the domestic production of both NR and SR is less than the domestic demand, units need to import rubber at hefty import duties. Niraj Thakkar, president, AIRIA,



DUTY DISCORD

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- Since the domestic production of both NR and SR lags demand, units need to import rubber paying hefty import duties
- The levy of anti-dumping duty on carbon black and rubber chemicals, major raw materials for the industry, has made Indian rubber products expensive compared to imported finished products, claims AIRIA

however feels it is not easy to prove these 'dumping' charges as there are more than 35,000 rubber products. Besides, small manufacturers have little resources to initiate anti-dumping proceedings.

On the other hand, the levy of anti-dumping duty on carbon black and rubber chemicals, major raw materials for the industry, has made Indian rubber products more expensive in comparison to imported finished products, Thakkar told *FE*.

In this context, AIRIA has called for a complete waiver of customs

duty on raw materials not manufactured domestically, such as butyl rubber, other hi-tech synthetic rubbers and EPDM (Ethylene Propylene Diene Monomer). The industry body has also asked for reduction of customs duty on raw materials where domestic production lags consumption, including raw materials such as Poly Butadiene Rubber (PBR), Nylon Tyre Cord Fabric and Steel Tyre cord. The rubber body has alleged that the import cost of Chinese goods is below the cost of even raw material

inputs for the domestic industry, resulting in large-scale dumping of these sub-standard goods in India.

According to Thakkar, there is no quality check on such goods imported from China. "Often, they are manufactured from scrap. The scrap contains degraded motor oil, which is carcinogenic. Moreover, these goods do not meet the guidelines laid down by the Bureau of Indian Standards. Articles of vulcanised rubber, balloons, gaskets, rubber seals, radial tyres, tubes, pipes and hoses of vulcanised rubber and surgical gloves are among the imported articles from China.

AIRIA cites data from the ministry of commerce to argue that the import of surgical gloves, rubber mittens and mitts from China increased 415%, gaskets by 170%, and rubber seals (oil seals) by 123% in 2010-11 against 2009-10.

The export growth of Indian rubber products has been in double digits over the last two decades, with exports crossing \$2.75 billion in March 2013. "If there are enablers in the form of lower import duties on raw materials, India would have substantial indigenous capacity to cater to the internal needs of quality rubber products," says Thakkar.