# Non-tyre manufacturers call upon Central govt to reconsider import duty structure of natural rubber

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AS the prices of natural rubber and latex continue to fluctuate, the non-tyre manufacturers have called upon the Union government to reconsider the import duty structure of natural rubber and finished rubber products.

In an interaction with *TNIE* over the phone, Shashi Kumar Singh, president of the All India Rubber Industries Association (AIRIA), which represents the non-tyre manufacturers, highlighted that current customs duty on imported finished rubber goods is lower than the duty on natural rubber imports, creating an inverted duty structure that is unfavourable to domestic manufacturers.

"Rubber latex is the primary raw material used in the non-tyre sector. However, there is a significant obstacle in the form of a 70 per cent import duty on latex, while the import duty on natural rubber is set at 25 per cent or Rs 30 per kg, whichever is higher. In contrast, finished rubber goods face only a 10 per cent customs duty. This creates an imbalance in the import duty structure, especially considering the shortage of natural rubber and latex in the domestic market," Singh said.

Singh added that the huge deficit in the availability of natural rubber and latex in the domestic market, coupled with the high import duties, was hindering the realisation of the Prime Minister's vision of Atmanirbhar Bharat. "While the domestic rubber consumption is 14 lakh tonnes, production is only around 8.5 lakh tonnes, creating a deficit of 5.5 lakh tonnes. Moreover, the price of natural rubber has set new records recently, and remains at its highest level in 13 years. The combination of higher cost and non-availability of raw material is causing a collapse in the market, making it difficult for businesses to thrive in the non-tyre sector," he said. As a solution to the present crisis, Singh proposed implementing restrictions on the import of finished rubber products. "We understand the policy of higher import duties on raw material to protect farmers. At the same time, the govt is bound to protect the industry by not allowing duty-free or lower duty imports of finished products compared to raw materials. There should be a win-win situation for both growers as well as the industry," he said.

Singh, who expressed concerns over farmers moving away from rubber cultivation due to the lack of fair price in the previous years, also suggested some mechanism to bridge the gap between farmers and manufacturers. "There should be research and mechanisms in place to develop hybrid plants that can produce more latex in a shorter time frame, rather than waiting seven years for yield. The government should also consider expanding rubber cultivation to states with similar tropical weather conditions to meet the demand and reduce the need for import," he said. He added high natural rubber prices might prompt the automotive industry to consider synthetic alternatives. "However, the shift is constrained by several factors. Currently, synthetic rubber constitutes only 10-20% of tyre production due to performance limitations and the specific requirements of various types of applications. Moreover, the anti-dumping duties on butyl rubber further complicate the situation, particularly affecting the tyre Industries and non-tyre segment of the industry. Consequently, while the high prices of natural rubber could theoretically drive a shift toward synthetic alternatives, practical limitations make this transition challenging. As such, a balanced approach that considers both material types and their respective markets is essential for addressing industry needs," he said.

Singh also recommended studying the competitive advantage of other rubber-producing countries that offer lower prices and higher quality products.