

# Rubber industry seeks tariff twists to hedge Chinese dumping

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**Thiruvananthapuram, Dec 26:** It's the All India Rubber Industries Association's (AIRIA) turn to press the panic button over import duty on finished products from natural rubber (NR). AIRIA has asked the Centre to keep the import duty on raw materials lower than the duty on finished products.

Last week, hit by a fall in NR prices, the Indian Rubber Growers Association (IRGA) urged the commerce ministry to not only hike the import duty on rubber products but also stop all NR imports under the advance licence route. Growers wanted the import duty on all rubber products hiked to 8%.

"China trimmed the import duty on NR from a maximum of 1600 yuan to a maximum of 1200 yuan, effective from January 2013. At the current international prices of around 25,000 yuan per tonne, the import duty comes to just about 5%," said Niraj Thakkar, president, AIRIA. The rubber industry's argument is that China's move robs a level-playing field for India since NR accounts for 35-45% of the raw material cost of rubber.

According to AIRIA's pre-budget submission, customs duty on NR needs to be downpegged from present 20% or R20/-per kg to 7.5% or R10/-per kg, whichever is lower.

"The import duty on most raw materials is high, ranging from 20% to 70%. Thus the cost of finished products made from these imported raw materials proves to be higher than the landed cost of imported finished goods from neighbouring countries like China. The government needs to consider the injury to domestic producers, many of whom hail from the SME sector," Thakkar told FE. "Since there are over 35,000 rubber products and the industry players are mostly small, it is difficult to always move court and prove dumping charges," he said.

At current international price of ₹160 a kg of natural rubber, the import duty of ₹20 works out to around 12.5%, which is much higher than the import duty on finished rubber products of 10%. "Any government, sensitive to the livelihoods of farmers, needs to note the sudden surge in the cost of production of rubber. It is alarming that any further plunge in price would force farmers to quit rubber cultivation," said Sibi Monipally, general secretary, IRGA. NR price had fallen from ₹242 per kilo in 2011 to 160 per kilo in 2012, creating anxiety in the farming belts.