

## **India: Rubber imports to jump 10-15% on falling prices**

KOCHI: Natural rubber imports will jump 10-15% in the current year because of a sharp fall in global prices and tight supply in the domestic market. Though weak demand is forcing tyre companies to keep a low inventory, they are importing more rubber than last year, hoping for a revival in the auto market. Natural rubber imports recorded an almost 27% rise at 76,666 tonne for the four-month period ended July 31, 2012.

The prices of block rubber like SMR 20, which is increasingly used by tyre companies, fell by 17% in the space of a month to Rs 134 per kg before rising to Rs 141 per kg now. "Imported block rubber is cheaper than domestic sheet rubber," said Swaranjit Singh, materials director, JK Tyres. Even after an import duty of 20%, the landed cost of block rubber is cheaper by Rs 15-20 compared to domestic sheet rubber which is priced at Rs 171 per kg. Natural rubber imports touched a new peak of 2.05 lakh tonne in 2011-12. The industry feels imports this year will surpass last year's by 20,000 tonne to 25,000 tonne as international prices are predicted to remain softer. Till now, a major share of imports has been against advance licence for exports. The industry is hoping for a revival in the automobile market. "We feel the market will rebound gradually from September, necessitating a higher supply of rubber," said an officer with Ceat Tyres. The company's rubber imports are higher by 5-10%. Rains have impacted rubber-tapping in the country leading to a temporary decline in production. There has been a marginal drop in rubber production till the end of July this year at 2,38,700 tonne. The international rubber market has been hit by lower buying China, the biggest consumer, and Europe's sovereign debt crisis. "We were hoping that global demand will pick up in the second half of 2012. But now it looks like this will happen not before 2013," said Rajiv Budhraja, director general of Automotive Tyre Manufacturers' Association. It remains to be seen how far the initiative by Malaysia, Indonesia and Thailand — the three major rubber producers — to ensure stable rubber price in the global market will succeed in arresting the current slide.