

Tyre industry against import curbs on rubber

KOCHI, DEC. 23:

The tyre industry has opposed imposing import curbs on rubber, saying that it will be counter productive.

The import curbs will have far reaching adverse consequences for the industry already facing the onslaught of unprecedented slowdown in the automobile sector.

The Automotive Tyre Manufacturers Association (ATMA) said in a statement that the demand raised by rubber growers also does not corroborate with the facts.

HIGH DOMESTIC PRICES

An analysis of domestic (RSS 4) and international (RSS 3) prices shows that domestic prices have ruled higher than international prices over the last six months except in December.

Even when compared with Malaysian SMR – 20, which is a competing grade of rubber with RSS 4, domestic rubber prices are still ruling higher.

The consumers have been at the receiving end of comparatively higher domestic prices for a major part of the year.

Any knee jerk reaction could have disastrous consequences for the tyre industry which is already facing the prospects of low tyre demand in view of de-growth in automobile production, Rajiv Budhreja, Director-General, ATMA, said.

According to him, the domestic prices have ruled higher due to domestic demand outstripping availability making imports imperative.

VOLATILE FUTURES

ATMA has put the blame on volatility in rubber prices on futures trading. The futures in December have dropped from Rs 167 to Rs 158 a kg within a week, while international prices have risen from Rs 170 to Rs 173.

The Association also suggested market intervention, through Rubber Board or any other designated agency such as STC, till prices are perceived to be in the vicinity of international prices.