

## **Tyre industry oppose move to hike import duty on natural rubber**

KOCHI: Tyre industry has objected to the Centre's move to raise the import duty on natural rubber from Rs 20 per kg to Rs 34 per kg. In view of the widening gap in domestic production and consumption, the industry says, the import of natural rubber is inevitable.

"It will have far-reaching and adverse consequences on tyre industry and its long-term impact will be felt on the entire value chain of rubber sector," said Anant Goenka, chairman of the Automotive Tyre Manufacturers Association (ATMA).

The automobile sector is seeing a sharp negative growth in major vehicles' categories including commercial vehicles, leading to a slowdown in the industry, he said. The gap between domestic production and consumption of natural rubber was more than 60,000 tonne last fiscal year.

In the current year too, the production is likely to lag behind consumption by 50,000 tonne, according to the ATMA. The import duty of Rs 34 works out to be 21%, which is higher than the basic duty of 10% on tyres and effective rate of duty of 8.6% from countries such as China in view of trade agreements.

ATMA said the increase in import duty will accentuate the prevailing inverted duty structure in the industry. The peak level reached in natural rubber prices in 2011-12 could be termed as an aberration as the prices zoomed 100% in a short span.

The domestic prices have been higher than the corresponding international prices for a significant part of the year and only in the recent weeks they were dropped below the global price levels.

China has reduced the customs duty on natural rubber imports to 6% from 7.5% since January 2013. This, in addition to nil duty on import of compound rubber into China, will give a significant competitive edge to the Chinese tyre manufacturers, the ATMA added.