

AIRIA (India): Import of Cheap Chinese Rubber Goods Hits Local Units

Huge imports of cheap rubber goods from China spurred by a low import duty are leading to the closure of local rubber units making small and tiny products at a time when India is poised to emerge as a major manufacturer of rubber goods as production shifts from the west to eastern parts of the world. The export growth of Indian rubber products has been in double digits over the last two decades with an overall export of \$ 2.75 billion in the year ending March 2013. The All India Rubber Industries Association (AIRIA) has said 294 rubber product manufacturing units have folded up in the last five years. There are about 5,500 small-scale rubber units in India. In a letter to the Department of Industrial Policy & Promotion under the Ministry of Commerce and Industry, AIRIA has said the duty on finished goods being imported from China and other countries is at 0-10%, while the import duty on key raw materials including natural rubber and synthetic rubber is at 10-70%. Since domestic production is less than local demand, units need to import rubber after paying hefty import duties. “In view of the high rate of import duty on most of the raw materials ranging from 10%-70%, the cost of finished goods made from imported materials is higher than the landed cost of these imported finished goods. This leads to unwarranted imports of finished goods, hurting domestic producers,” said AIRIA president Niraj Thakkar. The association has sought a complete waiver of customs duty on raw materials not manufactured domestically such as butyl rubber, other high-tech synthetic rubbers and EPDM. The industry body has asked for a reduction of custom duty on raw materials where domestic production lags behind consumption including raw materials such as PBR, nylon tyre cord fabric and steel tyre cord. The value of Chinese goods is below the cost of raw material input for domestic industry leading to large-scale dumping of inferior quality goods, often made from scrap, into India. Vulcanised rubber, balloons, gaskets, rubber seals, radial tyres, tubes, pipes and hoses of vulcanised rubber, surgical gloves, mittens and mitts are among the largely imported articles from China. The Economic Times, India