

India's 2012/13 natural rubber imports seen down 27pc

MUMBAI: India's natural rubber imports are likely to drop by 27 percent to 150,000 tonnes in the current year to end-March 2013 as local output rises and international prices make imports less attractive, a senior government official said. The world's fourth-biggest producer of natural rubber imported 205,433 tonnes of the tyre-making raw material last year, taking advantage of lower prices in the world market. "We are estimating imports of 150,000 tonnes. They are dependent on prices, which are volatile," Sheela Thomas, chairman of the state-run Rubber Board, told Reuters in an interview on Monday. Tyre makers are the main importers of natural rubber and the biggest buyers of domestic supplies in India. Thomas said current overseas prices were not attractive for importers. On Monday, the rubber price in Bangkok, Thailand, was 18,519 rupees (\$324.9) per 100 kg, compared with 18,600 rupees at Kottayam in the southern Indian state of Kerala. Importers would have to pay additional duty and freight on the Bangkok prices. India imports natural rubber from Thailand, Indonesia, Malaysia and Vietnam. Thailand, the world's top producer, is expected to export a total of about 3.145 million tonnes of natural rubber in the 2012 calendar year. India itself is likely to produce 942,000 tonnes of natural rubber in the current year, up from 899,400 tonnes a year ago as production that was planned years ago comes onstream in non-traditional areas such as north-eastern states. "New areas are coming up for tapping. Farmers are going for better agriculture practices like rain-guards. All these things should lead to higher production," Thomas said. Farmers in India usually start tapping rubber when the plants are seven years old and continue until they are 30. The country's rubber consumption is likely to edge up by 4 percent in 2012/13 to 1.006 million tonnes, she said, adding that slower growth in auto sales could hurt tyre demand. India's top car makers posted lacklustre sales in May as an excise tax hike and rising fuel prices hit demand, adding to the gloom over the country's economic outlook. Rubber prices in India have fallen by nearly a quarter from a record high of 24,300 rupees per 100 kg on April 5, 2011, but even at current levels farmers are happy to grow rubber. "They are interested in rubber. At current prices also they are making profits. They are not making losses," Thomas said. In 2011/12 farmers planted an extra 25,000 hectares of land with rubber and re-planted 10,000 hectares. In the current year, the area is likely to rise further as farmers in non-traditional areas such as Karnataka, Maharashtra and north-eastern states go for planting, she said. "The area is rising in Kerala, but slowly. It is already saturated," Thomas said. The state of Kerala is the top rubber producer in the country. The total area under rubber in India was 736,515 hectares in 2011/12. Natural rubber prices will remain under pressure due to a fall in crude oil prices, which makes synthetic rubber cheaper, but a sharp fall from the current level is unlikely as supplies are tight, Thomas said. Crude oil is on track to post its biggest quarterly fall since the financial crisis in 2008 as the euro zone crisis and weak growth in the United States roil global markets, while ample supply from OPEC has added to the downward pressure. Thomas added that India was likely to start the next rubber year in April 2013 with higher stocks than the 230,000 tonnes at the beginning of the current

April-March year.