China Cuts Natural Rubber Import Taxes to Boost Local Supplies

China, the world's biggest user of rubber, will reduce import duties next year, potentially boosting purchases and curbing domestic prices. Futures in Tokyo surged to a seven-month high.

Taxes will be either 20 percent or 1,200 yuan ($193) a metric ton, whichever is lower, forimports beginning Jan. 1, the Finance Ministry said on its website today. The tariffs are the lower of either 20 percent or 2,000 yuan a ton and either 20 percent or 1,600 yuan a ton for ribbed smoked sheets this year, according to a previous statement from the ministry.

Futures in Tokyo, the global benchmark, have surged 38 percent from a three year low in August after Thailand, Indonesia and Malaysia, representing 67 percent of global natural-rubber supply, announced export curbs and cut down aging trees to reduce a surplus. Futures inShanghai, which jumped to a two-month high, are heading for a 5 percent gain this year.

"The move may boost imports and weigh on local prices" as they are currently higher than international prices, Chen Ruibi, an analyst at Shanghai CIFCO Futures Co., said in a telephone interview from Shanghai. Imports gained 3.7 percent to 1.97 million tons in the first 11 months, customs data show.

Inventories monitored by the Shanghai Futures Exchange gained 1,131 tons to 95,927 tons, the highest since March 2010, based on a survey of nine warehouses in Shanghai, Shandong, Yunnan, Hainan and Tianjin, the bourse said Dec. 14.

The contract for delivery in May advanced as much as 1.6 percent 25,500 yuan a ton on the Shanghai Futures Exchange, the highest price for the most-active contract since Oct. 19, and was last at 25,320 yuan. The contract for delivery in May jumped 2.8 percent to 284.2 yen a kilogram ($3,385 a ton), the highest price at close since May 10, on the Tokyo Commodity Exchange.

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