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ARTICLE NO.3

FACTS, FIGURES & UPDATES FROM RUBBER INDUSTRY

HERE ARE SOME FACTS REGARDING RUBBER INDUSTRY IN INDIA.

- India is the third largest producer of rubber in the world.
- It is the fourth largest consumer of natural rubber.
- It is the fifth largest consumer of natural rubber and synthetic rubber together in the World.
- India is the world's largest manufacturer of reclaim rubber.
- India and China are the only two countries in the world which have the capacity to consume the entire indigenous production of natural rubber.

PERFORMANCE OF NATURAL RUBBER FEB 2018

(In Tonnes)

Particulars	Production	Consumption	Import	Export	Stock at the End
Feb 2017	62,000	87,500	15,690	6,212	280,000
Feb 2018(p)	52,000	93,000	43,665	33	288,000
April 16 to Feb 17	636,000	948,075	400,893	16,063	-
April 17 to Feb 18(p) (% Growth)	649,000 (2.0)	1003,060 (5.8)	418,944	5,053	-

Production of NR during February 2018 decreased by 16.1% to 52,000 tonnes compared to 62,000 tonnes during February 2017. Consumption of NR during February 2018 increased by 6.3% to 93,000 tonnes compared to 87,500 tonnes during February 2017.

As Rubber output dips 16% in Feb, tyre industry urges for relaxed import curbs.

The tyre industry said a lean production period had already started, to last till September. This will add to the industry’s problems.

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RUBBER PRICES STEADY AS DEMAND GOES DOWN DESPITE SUPPLY CRUNCH

Rubber prices have stayed steady in India in the past two weeks, unlike in the international markets where the rates have fluctuated, due to subdued demand even as the supply has gone down.The RSS-4 sheet variety used by the tyre industry has remained flat at Rs 124 per kg as the tapping season is winding to a close in the largest rubber producing state of Kerala. While demand has slackened, there is short supply of rubber in the market. The tapping season usually comes to a close by the end of January. But this year intermittent rains at several places in the state helped continue tapping, albeit at a low level.Traders said that the tapping could have been more intense if the prices had improved.

Rising yen and a fall in crude oil prices had led to a fall in global rubber prices in the past few days. With international block rubber prices around Rs 30 below the current Indian rubber prices, the tyre industry has been depending largely on imports to meet its requirement despite the recent 10% hike in import duty. The industry was buying a portion of its requirement from the domestic market too, but the shortage of carbon black has made it go slow on purchases. “The low prices would severely affect production,’’

The Rubber Board had forecast that natural rubber output would touch eight lakh tonnes this year. However, growers and traders estimate that the production could be around seven lakh tonnes, up from 6.91 lakh tonnes in 2016-17.

Rubber Price as on 13/4/2018 per 100 Kg					
KOTTAYAM					
CATEGORY		IN RS		IN USD	
		Price	Change	Price	Change
RSS-4	◆	12,000.00	0.00	184.00	0.36
RSS-5	▼	11,750.00	-50.00	180.15	-0.42
ISNR-20	▼	10,750.00	-50.00	164.80	-0.44
Latex(60% drc)	◆	8,240.00	0.00	126.35	0.25

Rubber Price as on 13/4/2018 per 100 Kg					
COCHIN					
CATEGORY		IN RS		IN USD	
		Price	Change	Price	Change
RSS-4	◆	12,000.00	0.00	184.00	0.36
RSS-5	▼	11,750.00	-50.00	180.15	-0.42
ISNR-20	◆	*	0.00	*	0.00
Latex(60% drc)	◆	*	0.00	*	0.00

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'CARBON BLACK' CRISIS FOR NON-TYRE RUBBER INDUSTRY IN INDIA

The non-tyre small and medium rubber companies in India are in deep crisis owing to shortage of carbon black, one of the key raw materials. The All-India Rubber Industries Association (AIRIA) has urged the Indian government to remove anti-dumping duty on imports saying around 1,000 small and medium rubber units are facing closure, News Agency PTI has reported. The industry estimates a loss of around Rs 7.5 billion every month and a job loss of nearly two lakh due to the crisis.

Carbon black imports from China, Russia and other countries face anti-dumping duties. Due to this, small & medium rubber units are facing a shortage of carbon black and resultant price hike. The domestic rubber industry is growing at 8.42% CAGR during 2016-2020.The largest carbon black manufacturers in India include Philips Carbon Black, SKI Carbon Black and Himadri Speciality Chemicals.

Carbon Black market

Carbon black in the domestic market is priced at $1,450 a tonne while global prices are at about $1,200 a tonne. Currently, there is a duty of $36.17 a tonne on imports from Russia and $397 a tonne from China while it is $494 a tonne on shipments from other countries. The carbon black demand, including that of tyre manufacturers, is at 12.85 lakh tonnes while the country's manufacturing capacity is at 9.5 lakh tonnes. Carbon black is the most preferred reinforcing material and filler in rubber products, both in tyre and non-tyre segments, comprising 25-30% of the product by weight. It is also used in plastics, paints and inks as colouring pigments.

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LATEST UPDATES

- Indian Rubber Meet (IRM) to be held in kochi on August 30-31,2018.
- Natural Rubber output may fall Short.
- Tyre Industry asks government to allow duty-free import of Carbon Black.
- Rubber growers against Centre's move to fix quality standards for cup lump imports. Cup lumps are oxidised rubber, mostly contaminated with dirt and other extraneous material, and their import has been prohibited as a phyto-sanitary measure by India.
- The Department of Commerce, Ministry of Commerce & Industry, Government of India has constituted a Task force on Rubber Sector (TFRS), vide OM F.No.15/19/2016-Plant C dated 8 March 2018.
- The main mandate of the TFRS is to recommend short term solutions and long term strategies for mitigating the problems faced by rubber growers and suggest a policy on rubber taking into consideration the relevant provisions of the WTO Agreement and other trade commitments, general economic policy of Government of India, relevant Acts and Rules thereof, rubber industry value chain and welfare of stakeholders involved comprising growers, processors, end product manufacturers, traders, workers and final consumers of rubber products.
- The First Meeting of the Task Force was held at Thiruvananthapuram on 23 March 2018. One of the decisions in the meeting was to collect inputs from all stakeholders connected to rubber industry value chain.

Suggestions Sought From Stakeholders on Following Points:

- Regulation on import of NR
- Budget constraints faced in Rubber sector
- Production –consumption gap in Natural rubber
- Increase in usage of rubber
- Recognise status of NR as an agricultural product
- GST related issues
- Trading of rubber
- Utilisation of rubber wood
- Rubber policy