

Allow free imports of natural rubber to extent of projected demand supply gap: ATMA

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The Automotive Tyre Manufacturers Association (ATMA) on Tuesday asked the government to allow free imports of natural rubber to the extent of a projected demand-supply gap of 4.4 lakh tonnes. The domestic deficit for FY'22, which was projected to be 45 per cent of the production at 3.4 lakh metric tonnes (MT) in the beginning of the year, is now projected to balloon to 55 per cent of production at a "massive" 4.4 lakh MT, ATMA said citing Rubber Board of India figures.

In a letter to the Union Minister of Commerce and Industry highlighting the situation, ATMA said, "Severe crunch in the availability of NR (natural rubber) is adversely disrupting the production processes at tyre manufacturing units even as the demand for tyres is peaking."

Stating that scarcity of NR at the height of peak production season in Kerala is unprecedented, ATMA said it doesn't augur well for the tyre industry value chain.

"As against the average domestic production in the range of 75,000 MT each in the months of October and November, the same is not expected to exceed 45, 000-50,000 MT each in October and November of the current year," it added.

Consumption, on the other hand, is expected to remain at over 1 lakh MT each in these two months, with a resultant deficit of 1 lakh MT in a short span of two months of the ongoing peak production season leading to major concern for tyre industry that consumes nearly 75 per cent of total NR produced in the country, ATMA said in its letter to the ministry.

ATMA, Director General Rajiv Budhreja said the scarcity comes at a time when domestic production of Commercial Vehicles (CVs) is looking up after a prolonged downturn.

Truck and Bus (T&B) Tyres have relatively higher NR content. NR demand is therefore expected to firm up further but the availability crisis is likely to throw a spanner in the works, he added.



"With a view to ensure that tyre production and exports take place in an uninterrupted manner, duty free imports of NR need to be allowed to the extent of projected demand supply gap in the country, i.e. 4.4 lakh MT," ATMA said.

The duty free import volumes can be reviewed every year, as Tariff Rate Quota (TRQ) quantity, in accordance with production, consumption estimates put up by the Rubber Board, it added.

The tyre makers' body also sought to allay concerns that import of NR is higher than deficit and thereby causing downward pressure on domestic prices and asserted that NR imports by tyre Industry have been solely to meet the domestic deficit as the import figures correspond to deficit figures.

"As and when domestic availability has improved, NR import by tyre industry has been scaled down," ATMA said.