

Export Promotion of Natural Rubber

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A few years ago a proposal for export promotion of Natural Rubber (NR) from India could have been looked upon as illogical, unacceptable and even crazy. Now, in the postWTO regime with the globalised trade environment which present opportunities as well as threats, NR export is considered essential from tactical and strategic angles.

It is important at this stage to understand the imperatives for India to enter into the NR export front. The Indian NR industry is inherently inward oriented, producing NR and consuming it entirely by the domestic rubber goods manufacturing units. Particulars relating to NR production, consumption, import and export for the period 1970-71 to 2001-02 are given below.

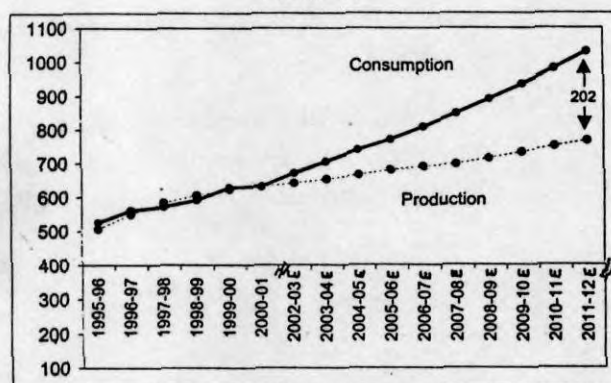
Table - I

Production and Consumption of NR in India (MT)

Period	Production	Consumption	Import	Export
1970-71	92,171	87,237	2469	-
1980-81	1,53,100	1,73,630	9250	-
1990-91	3,29,615	3,64,310	49,013	-
2000-01	6,30,405	6,31,475	8,572	13,356
2001-02	6,31,400	6,38,210	49,590	6,995

The above data indicate that the Indian NR industry displays characteristics which are disincentive to exports. An examination of the medium - term NR demand - supply projections (See Table II) also would suggest a similar conclusion.

Table - II



Source: 10th Five-Year Plan: IRS

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Moreover, a comparison of the current domestic and international NR prices would indicate the need for providing export incentives to meet export targets. The incentives become necessary for making Indian NR competitive and acceptable in the global markets in terms of quality and packaging. Against the above backdrop, let us understand the key factors which drove India to embark on NR export. These factors can be broadly classified into two:

- Tactical
- Strategic

The main tactical reasons are given below.

- ◆ Safeguard against indiscriminate import of NR
- ◆ Maintain domestic NR price in case of slower than expected consumption growth.

The important long term strategic reasons for NR exports are the following:

- ◆ Nullify the threat of NR import tariff reduction
- ◆ Address requirements of overseas buyers for alternative NR sources
- ◆ Exploit comparative advantages such as highest productivity, lower wage rates, intrinsic good quality etc. in NR production in India.

Having decided to enter into the NR export front, the Government of India entrusted the NR export promotion activities with the

Rubber Board. The Board constituted a special committee to formulate appropriate strategy for the purpose and an Export Promotion Cell was also formed for day to day follow-up of export. The Export Promotion Cell addresses the needs of the intending NR exporters as indicated below:

- ◆ Identify overseas buyers of different forms and grades of NR and pass on the information to registered NR exporters in India.
- ◆ Provide training to exporters on export procedures and formalities
- ◆ Arrange for technical advice to exporters on NR quality and packaging for meeting the specific needs of overseas buyers.
- ◆ Create awareness about Indian NR among global consumers.

India took the decision to enter into the NR export front in 2001-02 and targeted to export 20,000 MT of NR. However, the country could export only 6995 MT of NR during 2001-02. For the year 2002-03, the target is 33,000 MT and the quantity exported from 1st April 2002 to 30th October 2002 is over 27,500 MT which indicates that the export promotion measures have started yielding the expected results. It is imperative that India's plan for NR export has to be driven essentially by strategic objectives than by short-term tactical reasons which calls for meticulous planning and implementation and the Rubber Board is committed to the cause. ◀