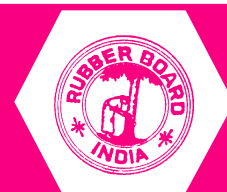


rubber statistical news

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The Year 2003-04

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Production Sector

During 2003-04, the Indian rubber plantation industry emerged from a long sluggish period by registering remarkable growth in production and productivity. As against 0.2 percent growth during 2001-02 and 2.9 percent during 2002-03, the growth achieved in Natural Rubber (NR) production during 2003-04 was 9.6 percent, the highest in the decade. During 2003-04, the country produced 711,650 tonnes of NR as against 649,435 tonnes produced in 2002-03. Improved prices of NR coupled with favourable weather conditions, had contributed to the robust growth in production during 2003-04. Expansion in the tapped area of NR plantations, better adoption of agro-management practices are other major factors for the increased production during the year. As a result productivity of NR during 2003-04, estimated in terms of average yield per hectare, increased from 1592 kg during 2002-03 to 1663 kg, the highest in the world.

Consumption Sector

Demand for NR in the country continued to increase during 2003-04 registering 3.5% growth as against 9% achieved in the previous year. Total consumption of NR by the rubber goods manufacturing industry was 719,600 tonnes during 2003-04 as against 695,425 tonnes during 2002-03. The rate of growth in consumption of NR in the auto tyre manufacturing sector was 7.1% during 2003-04 compared to 16% during 2002-03. The demand growth of NR in the general rubber goods sector declined from 2.6% during 2002-03 to negative 0.3% during 2003-04.

Import & Export of NR

As per provisional data collected, the imports in 2003-04 surged to 43,154 tonnes from 26,229 tonnes in 2002-03. An important development in Govt. Policy towards import of NR that took place during the year under review, was removal of the ban on import under Advance Licence Scheme. Government restored the facility for duty free import of NR in July 2003 and further from 8th January 2004 reduced the basic customs duty on NR from 25% to 20% and abolished the Special Additional Duty (SAD) of 4%.

The country's export of NR increased unprecedentedly and touched 75,905 tonnes during 2003-04, from a meager export of 6995 tonnes in 2001-02 and 55,311 tonnes in 2002-03. The main factors contributing to the buoyancy in export were the export promotional measures adopted by the Govt. of India and the prevalence of relatively higher NR prices in the international market since June 2003.

Production and consumption of Synthetic Rubber

The production of Synthetic Rubber (SR) increased to

88,366 tonnes during 2003-04 from 80,401 tonnes during 2002-03 registering an increase of 9.9 percent.

Production of SR during 2002-03 and 2003-04 with grade-wise break up are furnished in Table-1.

	2002-03 (Tonnes)	2003-04 (Tonnes)	Growth (%)
SBR	16512	18673	13.1
BR	50977	55652	9.2
Others	12912	14041	8.7
Total	80401	88366	9.9

Figures of import of all grades of SR stood at 170,130 tonnes during 2003-04, higher by 36.7% over the previous year.

Consumption of SR during the year was 210,190 tonnes showing an increase of 7.9% over the consumption of 194,850 tonnes during 2002-03. As consumption of SR during 2003-04 grew more rapidly than NR, the share of NR in the total rubber consumption declined slightly to 77%. The composition of NR and SR was 78:22 during 2002-03 and 79:21 in 2001-02.

The details of consumption of NR and SR are summarized in the following table-2.

	2002-03 (Tonnes)	2003-04 (Tonnes)	Growth (%)
Natural Rubber			
Auto Tyres & Tubes	353032	378185	7.1
General Rubber goods	342393	341415	-0.3
Total NR	695425	719600	3.5
Synthetic Rubber			
Auto Tyres & Tubes	107483	119367	11.1
General Rubber goods	87367	90823	4.0
Total SR	194850	210190	7.9
NR & SR			
Auto Tyres & Tubes	460515	497552	8.0
General Rubber goods	429760	432238	0.6
Total NR & SR	890275	929790	4.4

(Metric Tonnes)					
	Mar. 2004	Mar. 2003	April 2003 to Mar. 2004	April 2002 to March 2003	Percentage increase (+)/ decrease (-) during Apr.2003 to Mar. 2004 compared to Apr. 2002 to Mar. 2003
	(1)	(2)	(3)	(4)	(5)
PRODUCTION					
NATURAL RUBBER					
Solid Block Rubber	7750	5970	91120	81405	
Latex Concentrates (DRC)	6760	5605	77070	76205	
Pale Latex Crepes	95	170	1765	1750	
RSS	20315	22955	491405	441875	
Others	3840	3405	50290	48200	
Total	38760	38105	711650	649435	(+) 9.6
SYNTHETIC RUBBER (P)					
Styrene Butadiene (SBR)	1827	1456	18673	16512	
Poly butadiene (BR)	5440	4550	55652	50977	
Others	865	1034	14041	12912	
Total	8132	7040	88366	80401	(+) 9.9
Total NR & SR	46892	45145	800016	729836	(+) 9.6
CONSUMPTION *					
NATURAL RUBBER					
Solid Block Rubber	7585	7110	98205	87305	
Latex Concentrates (DRC)	6940	6560	78660	77540	
Pale Latex Crepes	195	180	2515	2615	
RSS	41740	41630	501625	492980	
Others	3740	2645	38595	34985	
Total	60200	58125	719600	695425	(+) 3.5
Out of which Auto Tyre Manufacturers	32876	29816	378185	353032	(+) 7.1
SYNTHETIC RUBBER					
SBR	6130	5495	71030	65110	
BR	5420	4775	61120	55170	
Others	6695	5775	78040	74570	
Total	18245	16045	210190	194850	(+) 7.9
Out of which Auto Tyre Manufactures	10625	8659	119367	107483	(+) 11.1
Total NR & SR	78445	74170	929790	890275	(+) 4.4
Out of which Auto Tyre Manufactures	43501	38475	497552	460515	(+) 8.0

* Indigenous and imported

		(Metric Tonnes)			
		Mar. 2004	Mar. 2003	April 2003 to Mar. 2004	April 2002 to March 2003
		(1)	(2)	(3)	(4)
IMPORT (P)					
NATURAL RUBBER		4726	3589	43154	26229
SYNTHETIC RUBBER					
SBR		4430	1183	64649	46728
BR		785	380	8677	9630
Others		1735	3886	96804	68117
Total		6950	5449	170130	124475
Total NR & SR		11676	9038	213284	150704
EXPORT OF NR (P)		13740	8306	75905	55311

STOCK AT THE END OF MARCH 2004

NATURAL RUBBER		(Tonnes)			(Tonnes)
With Growers	12390		Ribbed Smoked Sheets	43735	
With Dealers & Processors	18270		Estate Brown crepes and remilled crepes	4825	
			Latex (drc)	9375	
With Auto tyre units (C)	38430		Pale latex crepes	280	
With Other manufacturing units (C) 8205	8205		Block Rubber	9300	
			Scraps (drc)	9655	
			Other grades	125	
Total	77295		Total	77295	
	(Rounded)				
	(C: including transit)				

SYNTHETIC RUBBER			
Producers	7600 ^P	SBR	23230
Auto Tyre units	12640	Others	67910
Other manufacturing units	70900		
Total	91140	Total	91140

		Mar. 2004	Mar. 2003	April 2003 to Mar. 2004	April 2002 to March 2003
		(1)	(2)	(3)	(4)
RECLAIMED RUBBER					
Production @		5855	5270	70990	67385
Consumption		5815	5215	70460	67320
Out of which Auto Tyre Manufacturers		1710	1378	18244	16138
Stock with Manufacturers (end of month/year)		3580	3050		

@ Indigenous purchase by manufactures
P - Provisional

Price of NR

Natural rubber prices both in the domestic as well as international markets remained appreciably high during 2003-04. In the domestic market, export of NR supported the up trend in prices. The average annual price of RSS-4 grade sheet rubber was Rs.5040 per 100 kg during 2003-04 as compared to Rs. 3919 per 100 kg during 2002-03. The maximum price realized for RSS-4 grade sheet rubber during the year was Rs. 5650 per 100 kg on 25th February 2004, the highest price quoted in the last seven years. During the period April to June 2003, Indian price of RSS-4 grade was higher than the international price of the equivalent grade RSS-3, and from July 2003 onwards the Indian prices started ruling below the international prices.

In the international market also the NR prices kept a high tone during 2003-04. Bangkok market price of RSS3 grade rubber considered as equivalent to Indian RSS-4 rose very sharply in October 2003. The price touched an all time high of Rs. 6633 per 100 kg on 4th November 2003. The annual average price of RSS-3 during 2003-04 was Rs. 5278 per 100 kg. The main factor behind the up trends in the international price was, large supply demand imbalance led to stock depletion. Erosion in the value of US dollar against the currencies of NR exporting Asian countries had also propelled the prices. Table 3 gives the trend in prices of NR in the Indian and the International markets during 2003-04.

Month	India (RSS 4 at Kottayam)	World (RSS 3 at Bangkok, Thailand)
Average 2002-03	3919	3915*
April 2003	5074	4755
May 2003	4851	4628
June 2003	4829	4786
July 2003	4453	4590
August 2003	4693	4763
September 2003	4849	5032
October 2003	5155	5737
November 2003	5346	5954
December 2003	5315	5661
January 2004	5153	5672
February 2004	5192	5745
March 2004	5567	6008
Average 2003-04	5040	5278
* Kuala Lumpur price		

Global Scenario

As far as world natural rubber economy is concerned, the year 2003 was one of the best years of the recent past with the year-long bull run in NR prices. The auto industry picked up from its long entrenched downward trend in registrations. With the world economy turning to a path of sustained growth, consumption of rubber also increased.

World consumption of NR increasing by 4.9% during 2003 to 78.90 lakh tonnes from 75.20 lakh tonnes during 2002. The increase in trend in consumption was however, carried on to the first quarter of 2004. Due to faster growth in NR consumption compared to SR, the share of NR in total elastomer consumption slightly increased to 41.1% during 2003 from 40.0% during 2002.

During 2003, in response to high prices, there had been rapid growth in production of NR in all major producing countries. World NR supply increased to 79.80 lakh tonnes as against 73.40 lakh tonnes during 2002 at 8.7% growth.

Malaysia has made an upward revision of its production statistics from 2000 onwards and accordingly the estimates on global production figures have undergone substantial changes. Owing to the upward revision in the data for the previous years, India's position among the major NR producers of the world is shifted from third to fourth. The current global scenario is presented in table-4.

	2002	2003	2004	2005
Production				
Thailand	2615	2873 (9.9)	3070	3315
Indonesia	1630	1792 (9.9)	1931	2085
Malaysia	890	986 (10.8)	1064	1155
India	641	707 (10.3)	760	780
Others	1564	1622 (3.7)	1529	1582
World production	7340	7980 (8.7)	8354 (4.7)	8917 (6.7)
World consumption	7520	7890 (4.9)	8136 (3.1)	8548 (5.1)
Surplus(+)/ Deficit(-)	-180	(+) 90		
Closing stock	2010	2100		

Note: Figures for 2004 and 2005 are projections

Figures in parenthesis are annual growth rates

Source: Rubber Industry report, May 2004, International Rubber Study Group.

The International Rubber Study Group has projected the world consumption of NR to grow by 3.1% during 2004 and 5.1% during 2005. As against this global production of NR is forecast to grow by 4.7% during 2004 and 6.7% during 2005. Judging by the forecasts made by the IRSG, the world supply of NR would be in excess of demand by 218,000 tonnes during 2004 and 369,000 tonnes during 2005. As a result, the world stock of NR would increase, which implies some possibility for downward pressure on rubber prices in the medium term.