

## **India expected to be self-sufficient in synthetic rubber by 2017'**

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India is expected to become self-sufficient in synthetic rubber by 2017 as its production capacity triples, industry executives said, improving raw material supply for tyre makers in a country that is home to one of the world's biggest car markets.

Overseas purchases account for most of India's synthetic rubber requirements now and self-sufficiency means it will need to spend \$1 billion less on imports annually, slightly easing the country's trade deficit that was at \$139 billion last year.

"For the last many years Indian demand was way above production capability," said Stephen Evans, secretary-general of the International Rubber Study Group. "Now with new plants coming on stream, suddenly India will become self-sufficient in synthetic rubber production."

India, according to IHS Automotive, is expected to jump three places to become the world's No.3 car market by 2018. This has fuelled a domestic rush to produce more of the synthetic rubber that is mixed with natural rubber to make tyres.

Reliance Industries, controlled by billionaire Mukesh Ambani, has begun production at a 150,000 tonne per year (tpy) styrene butadiene rubber plant.

Indian Synthetic Rubber Ltd (ISRL), a joint venture of Indian Oil Corp, Taiwan's TSRC Corp and Japan's Marubeni Corp, has started a 120,000 tpy plant.

The plants came online over the past few months but are not operating at full capacity yet, company officials said.

"Domestic synthetic rubber producers are ramping-up their production based on approvals from tyre makers," said ISRL Managing Director Sanjaya Bhatnagar. Indian tyre makers usually take three to six months to approve supplies from new plants.

Another plant, a joint venture between Reliance and Russia's SIBUR - Reliance Sibur Elastomers, with a capacity of 100,000 tpy is seen starting by 2016, a Reliance source said.

India's annual capacity will triple to 550,000 tonnes once all three plants have started up by the end of 2016.

India's synthetic rubber output was 112,886 tonnes in the fiscal year ended March 2014, data with the state-run Rubber Board shows. Imports were at 371,839 tonnes, or three-fourths of its total consumption of 483,575 tonnes.

Imports could drop to 300,000 tonnes this year and 100,000 tonnes by 2015/16, said an industry official, who declined to be named as he was not authorised to speak to media.

"From 2016/17 we may not need imports," he added.

But natural rubber imports are likely to remain strong as Indian rubber farmers switch to other crops amid ample world supplies and weak benchmark prices.