



The Outlook of Natural Rubber Supply and Policies in Thailand

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Presentation Out Line

- **World demand & supply of natural rubber**
- **Outlook of Thailand natural rubber supply 2019**
- **Thailand Policies on NR**



World Demand for Natural Rubber 2015 to 2019

(‘000 tonnes)

Country	2015	2016	2017	2018	2019 Anticipated	Annual Growth (%)
China	4,780	5,011	5,386	5,670	5,780	1.9
India	993	1,033	1,082	1,218	1,250	2.6
Thailand	601	650	652	720	800	11.0
Indonesia	541	601	619	653	680	4.1
Malaysia	487	506	518	541	545	0.8
Viet Nam	176	194	214	225	230	2.2
Sri Lanka	127	142	128	135	143	6.2
Philippines	30	32	35	40	36	-10.5
ANRPC Total	7,735	8,169	8,634	9,202	9,464	2.8
Non-ANRPC Total	4,524	4,540	4,660	4,775	4,846	1.5
World Total	12,259	12,709	13,294	13,977	14,310	2.4
Annual Growth (%)	0.2	3.7	4.6	5.1	2.4	

World Supply of Natural Rubber 2015-2019

('000 tonnes)

Country	2015	2016	2017	2018	2019 Anticipated	Growth in 2019 (%)
Thailand	4,473	4,347	4,429	4,879	4,923	0.9
Indonesia	3,145	3,358	3,629	3,630	3,543	-2.4
Viet Nam	1,013	1,035	1,095	1,142	1,160	1.6
China	794	774	798	837	844	0.8
Malaysia	722	674	740	603	650	7.7
India	575	624	713	654	750	14.7
Cambodia	127	145	193	220	292	32.8
Philippines	100	91	102	106	104	-1.9
Sri Lanka	89	79	83	83	95	15.0
ANRPC Total	11,038	11,127	11,782	12,154	12,361	1.7
Other Countries	1,227	1,366	1,553	1,653	1,718	3.9
World Total	12,265	12,493	13,335	13,807	14,079	2.0
Annual Growth (%)	0.9	1.9	6.7	3.5	2.0	

Source... ANRPC

Outlook of Thailand NR supply 2019

- **Production in 2018 : 4.879 Mio. MT**
- **Forecast 2019 : 4.923 Mio. MT**
(annual growth 0.9 %)



The Economist Intelligence Unit Global Forecasting Service

Natural rubber

April 2019

The
Economist

INTELLIGENCE
UNIT

Demand

The Economist Intelligence Unit expects global consumption growth of natural rubber (NR) to slow to an annual average of just 2.8% in 2019-20, down from an expansion of 4.6% in 2018. A slowdown in global economic growth, in part driven by the lagged impact of early monetary tightening in the US, explains much of this deceleration. In particular, we expect China's economy to soften and anticipate markedly lower US GDP growth in 2020. That said, we do not expect any of the major developed economies to adopt a tighter monetary policy in 2019. This accommodative stance could be positive for capital investment and vehicle purchases—two key drivers of NR demand. However, any move by the US to levy tariffs on imports of cars and car parts could have negative implications for NR demand, at least in the short term, while supply chains adjust.

Supply

We expect growth in global NR production to slow to an annual average of around 1.8% in 2019-20 as high stocks and weak prices discourage supply. The three largest producers, Thailand, Indonesia and Vietnam, are also planning replanting programmes, which will inevitably reduce supply. To put this in context, the market will still be oversupplied because of very high stocks. Trees planted in 2011, during a price boom, have been reaching maturity in the last couple of years, contributing to the glut in the market. According to the IRSG, output rose by 2.4% in 2018.

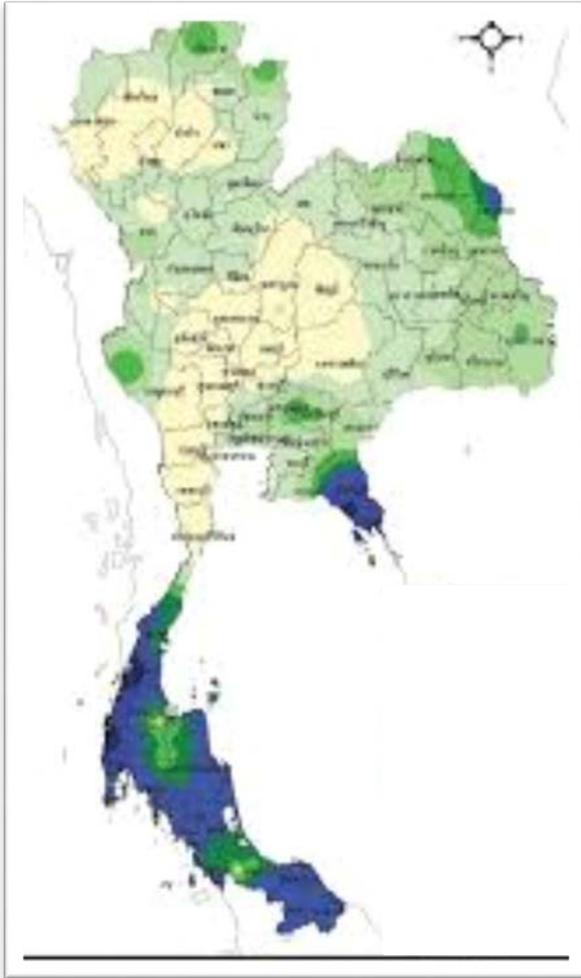
Outlook of Global NR Demand – Supply 2019

From the above figures we could estimate the global NR demand & supply as follow;

- **Supply : 14.08 Mio. MT (annual growth 2.0%)**
- **Demand :14.31 Mio. MT(annual growth 2.4%)**



Thailand Policies on Natural Rubber



- **Supply management scheme to reduce NR Supply**
- **Demand promotion scheme to increasing domestic NR consumption**
- **Promotion policy for rubber finish products industry with attractive incentive**

➤ Reduce of NR Supply

- From RAOT annual Replanting Aid Funding scheme, rubber tree replanting 32,000 ha. and replacement to other crops 32,000 ha. Total 64,000 ha.
- Encourage short term tapping holiday



➤ Increase domestic NR consumption

Thailand has been implemented through the following activities :

- **Rubberized Road Project**

One village one kilometer

Total 75,032 Villages

Estimate usage of 1.44 mio. tons of field latex
or 0.50 mio. tons of dry rubber



- **Government Project in Government Sectors**

Rubber Flooring for sports and playground

Latex foam products

Medical devices (gloves and condoms)

Pond Liner

Rubber mat for livestock etc.



➤ **Government promotion policy for rubber finish products industry with attractive incentive**

- The objective is to encourage producing more value added products domestically
- In the last 4 years Thai NR domestic consumption has been increasing by 20% (from 0.60 to 0.72 mio. tons)
- Targeting usage of 1.0 mio. tons in near future or 20% of Thai annual production



Conclusion

2018 was another year of big challenge for all stakeholders in rubber industry. The low and volatility rubber price has an impact on livelihood of smallholders across the world and even rubber products manufacturer would not benefit with low rubber prices in the longer term.

Thai Government has implemented many policies to support small holders with new strategy for stabilizing the rubber price through a significant and concerted approach in increasing the raw rubber consumption to cater for the promoted value added products.

2019 will be another challenging year for us. The cloudy global outlook is dampening consumer and business confidence. From the above data indication, world NR surplus stocks is going to be off setted soon.

*Environment Friendly & Sustainable Rubber Industry
could be Win-Win for All*

Thank you

