



# The Condition and Outlook of World Natural Rubber Supply and Demand

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# About International Rubber Study Group (IRSG)

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- **Who are we?**
- Established in 1944 as an **inter-governmental** organisation, headquartered in London, UK
- As of July 2008, the Group has been based in **Singapore**.
- IRSG is the **forum for discussion** of matters affecting the supply and demand for natural as well as synthetic rubber.
- Authoritative source of statistical **data and analysis** for all aspects of the rubber industry.
- IRSG has 36 **member countries**.

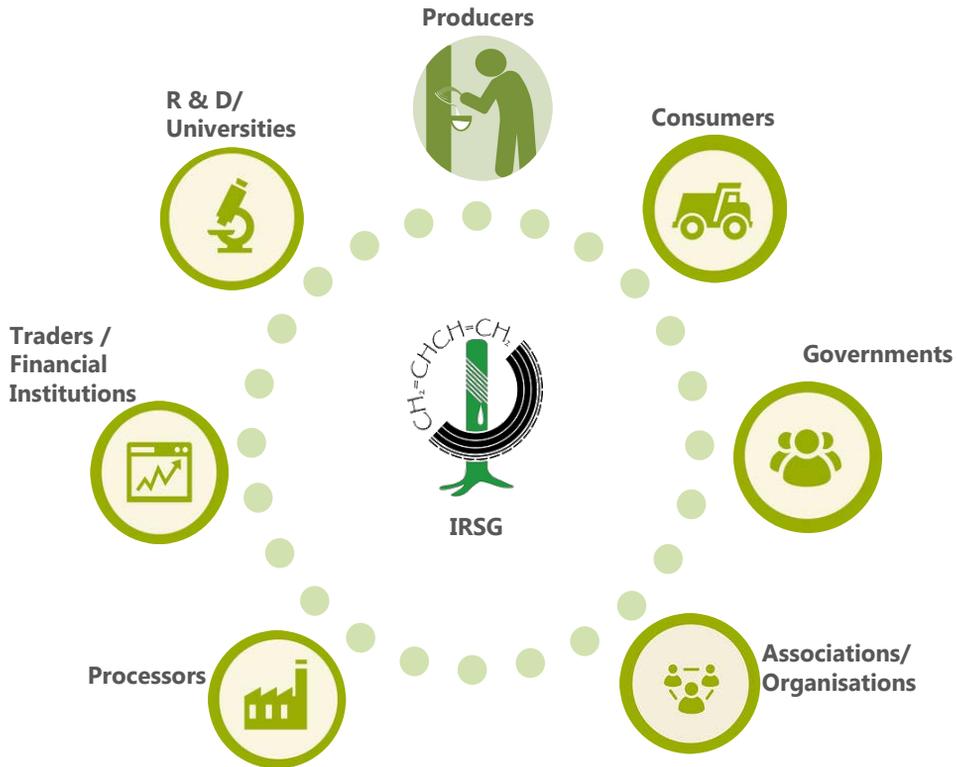


IRSG has a network of **more than 100 Industry Members**



# IRSG is the Global Platform for the Rubber Sector

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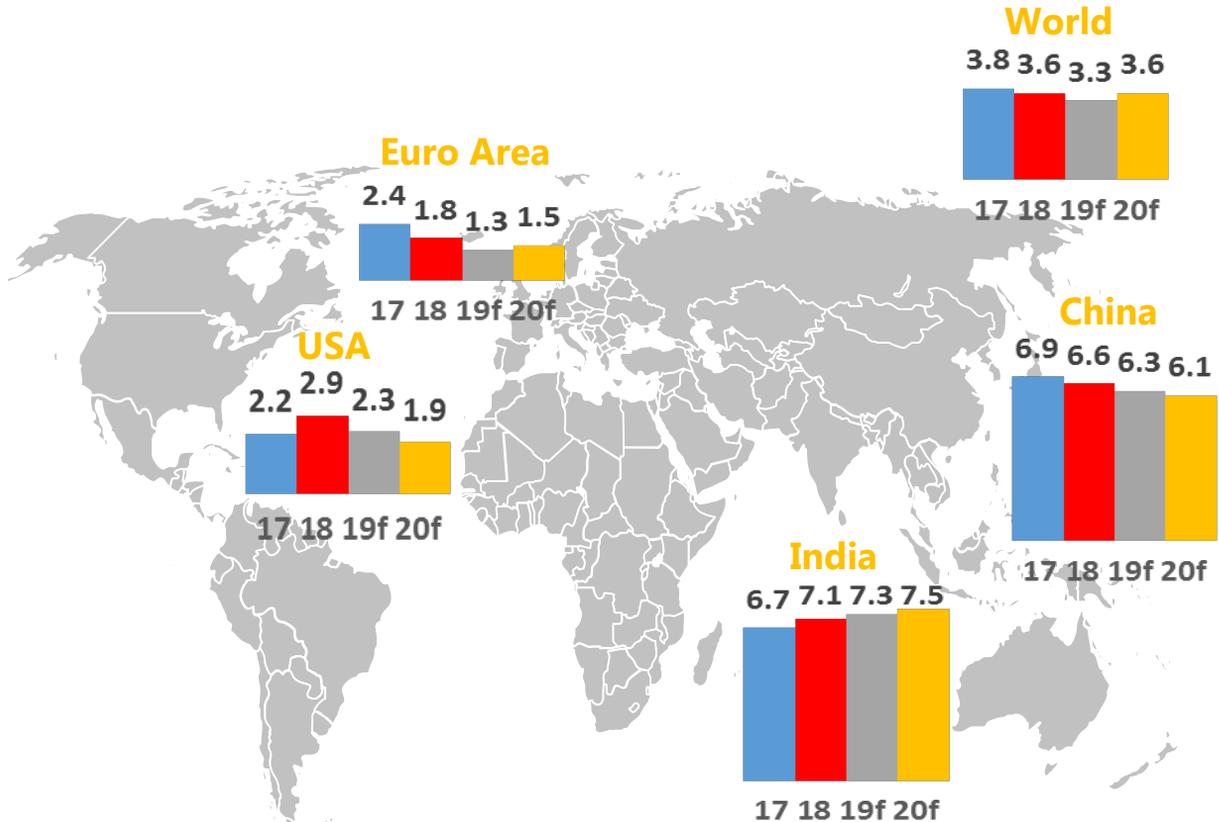
# Agenda



- ▷ **Current Growth Scenario**
- ▷ **Facts and Fundamentals**
- ▷ **Future Growth and Strategies**

# Global economic growth at 3.3% . Growth momentum is slowing and risk rising.

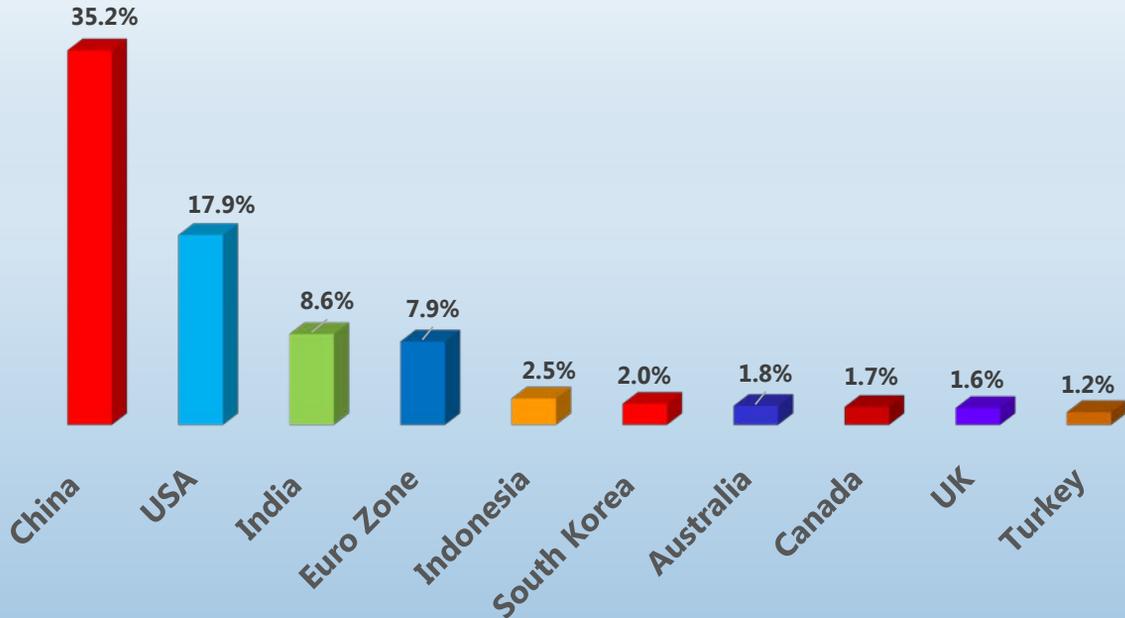
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Source: IMF



# China and the United States account for over half of global growth



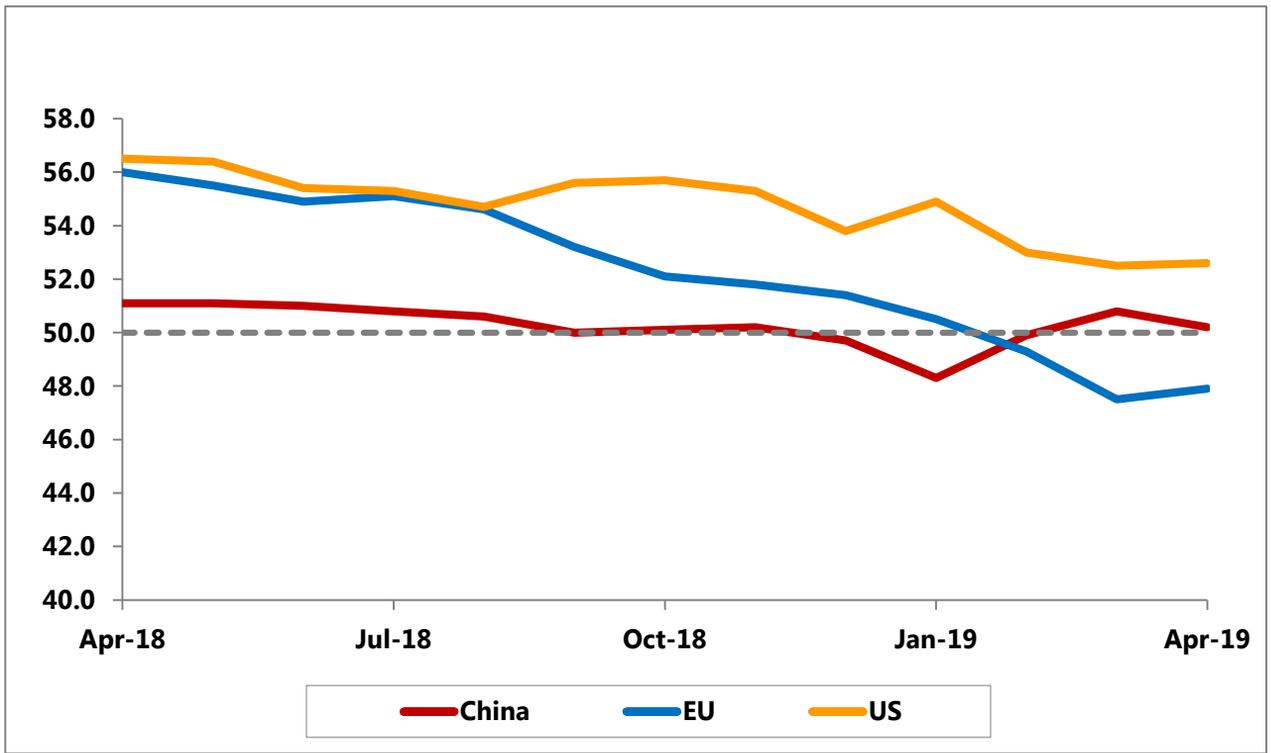
Source: World Economic Forum



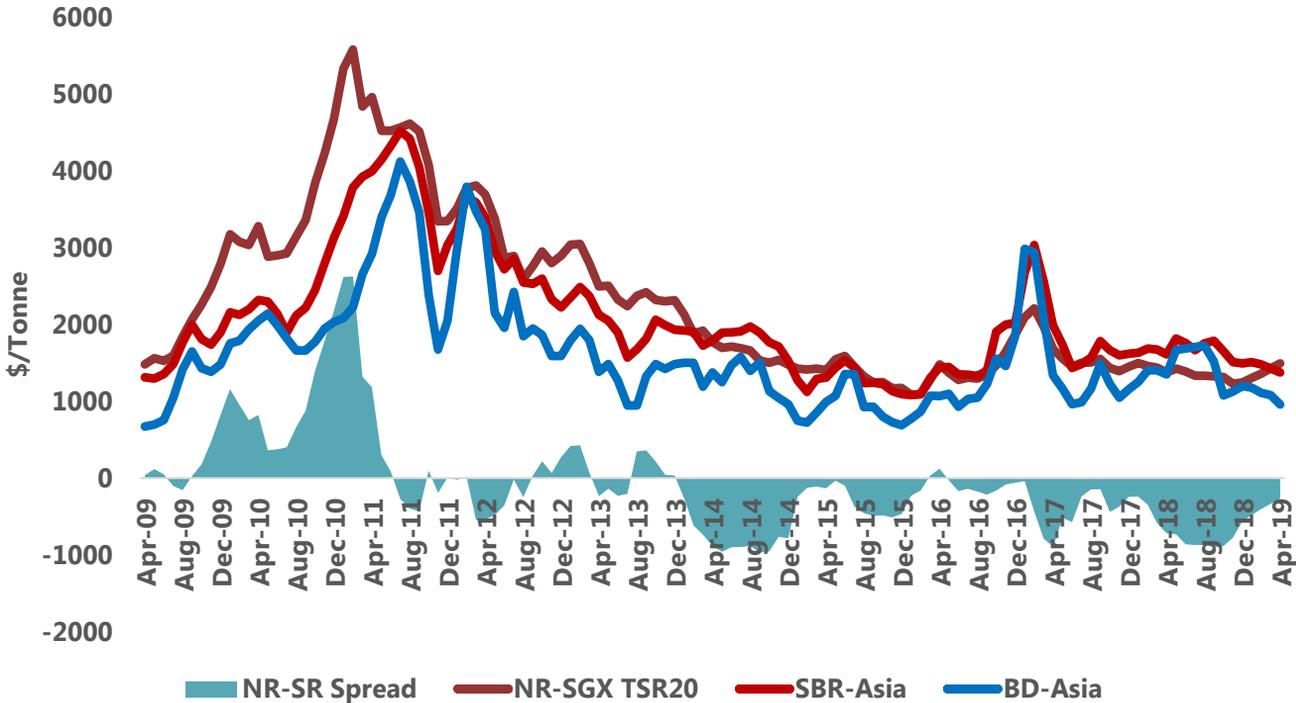


# Purchasing Managers' Indices indicate softening demand and exports from Asia

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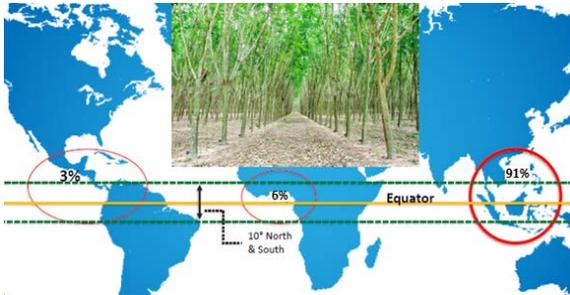


# Rubber Price Relationship

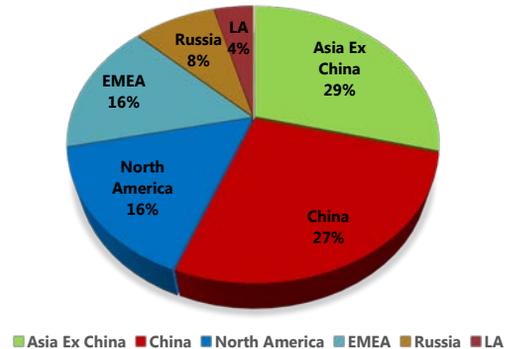


# World Supply of Rubber

## Natural Rubber: 48%



## Synthetic Rubber: 52%

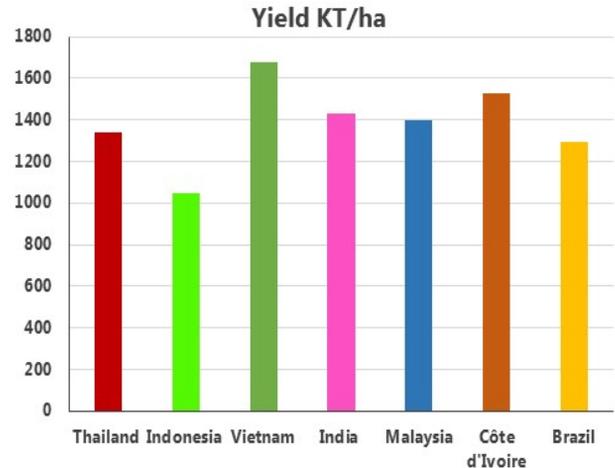


Source: SR capacity IISRP, 2018

# Natural Rubber - Supply Chain Facts

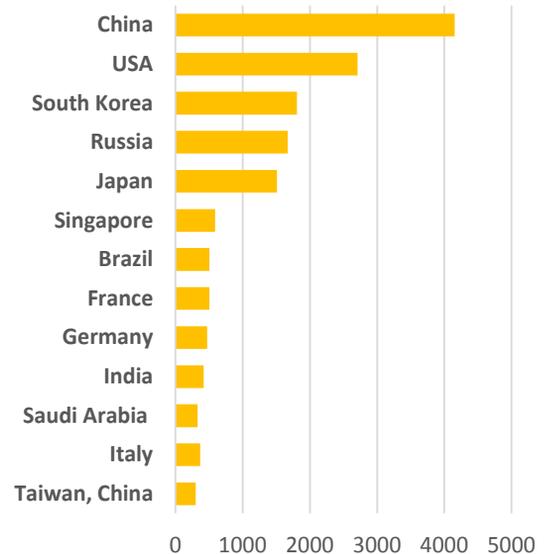
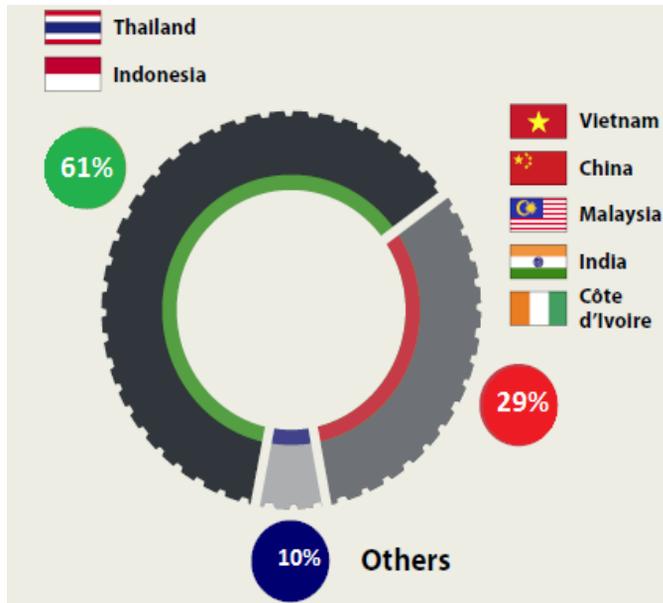
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- ▶ Above **12 million ha** area (estimated)
- ▶ Production is predominantly from **South-East Asia**
- ▶ Around **90%** of holding units and **85%** production are from **smallholdings**
- ▶ Average size of holdings varies from **0.5 ha- 10 ha** (depending on country definition)
- ▶ **Wide variation in smallholders' productivity across countries**
- ▶ Presence of **multiple intermediaries** between producers and processors



# Thailand & Indonesia representing 61% of Global NR Production. China and USA representing 42% of Global SR Capacity

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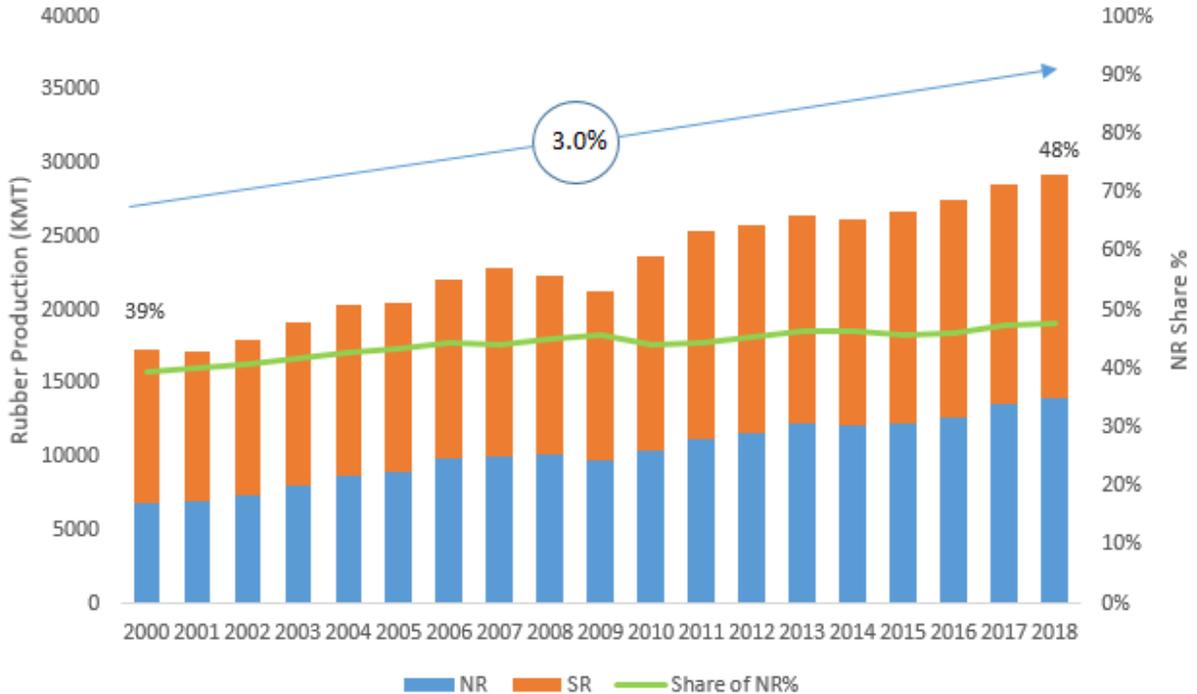


Source: SR capacity IISRP, 2018



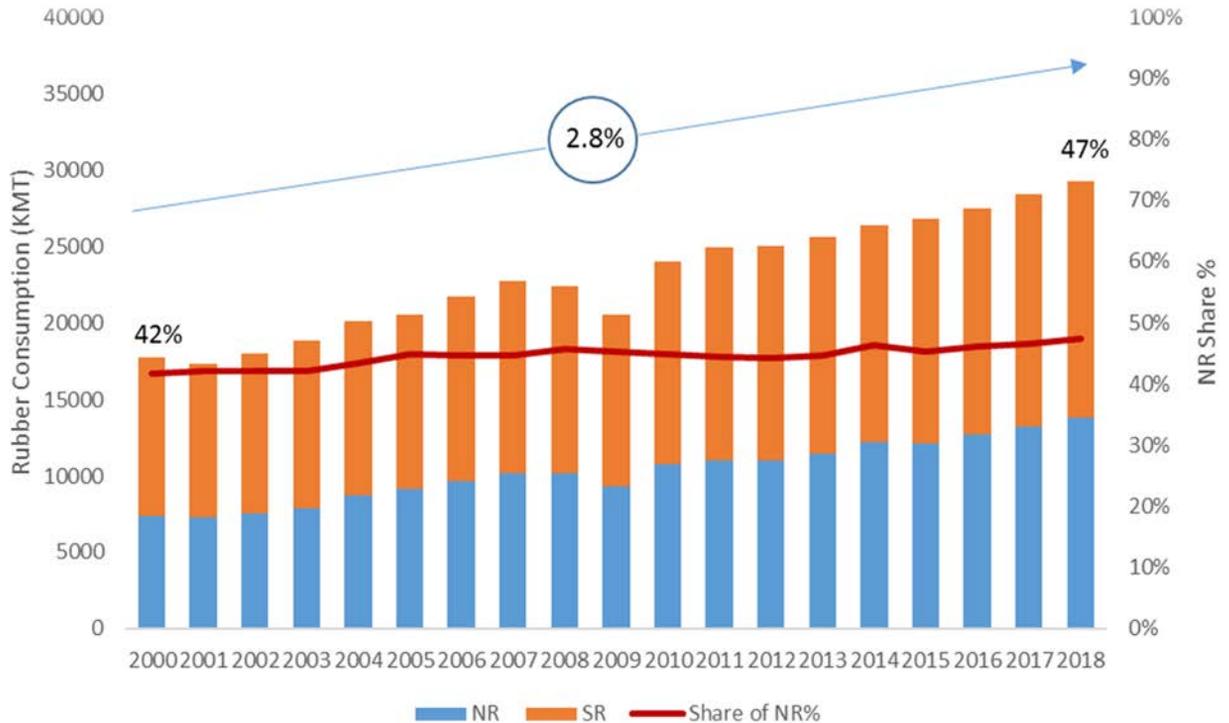
# World Rubber Production (IRSG)

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# World Rubber Consumption (IRSG)

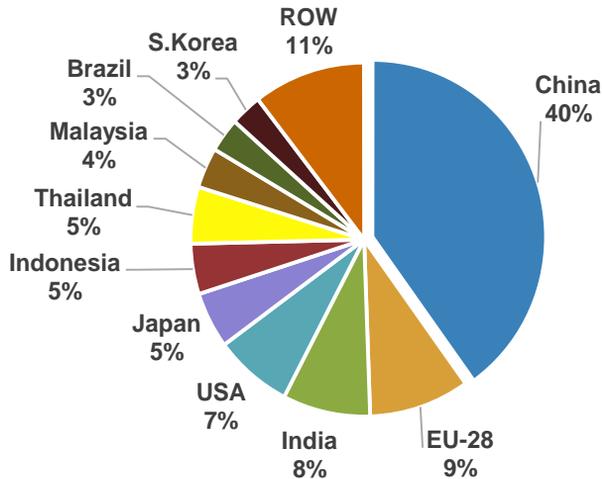
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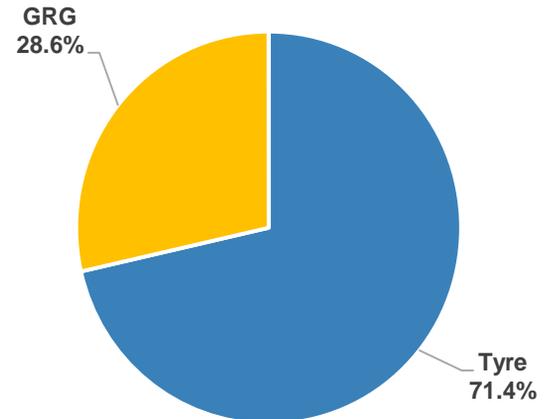
# Global NR Rubber Consumption (IRSG)

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### By Country



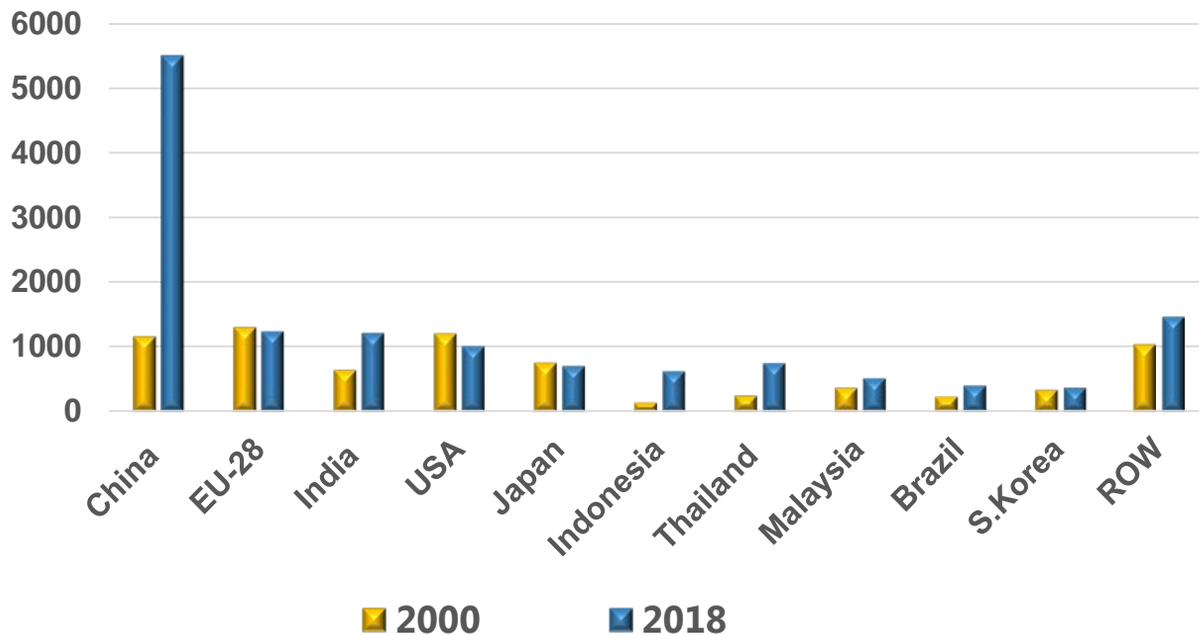
### By Type



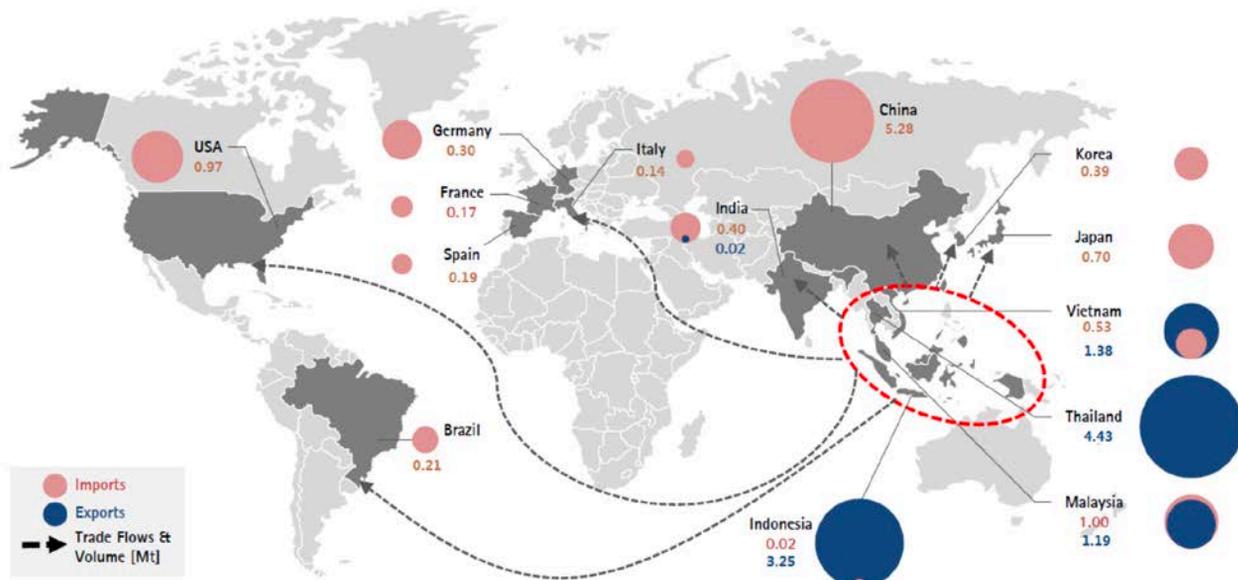


# More than 1/3<sup>rd</sup> of NR Usage in China(KT)

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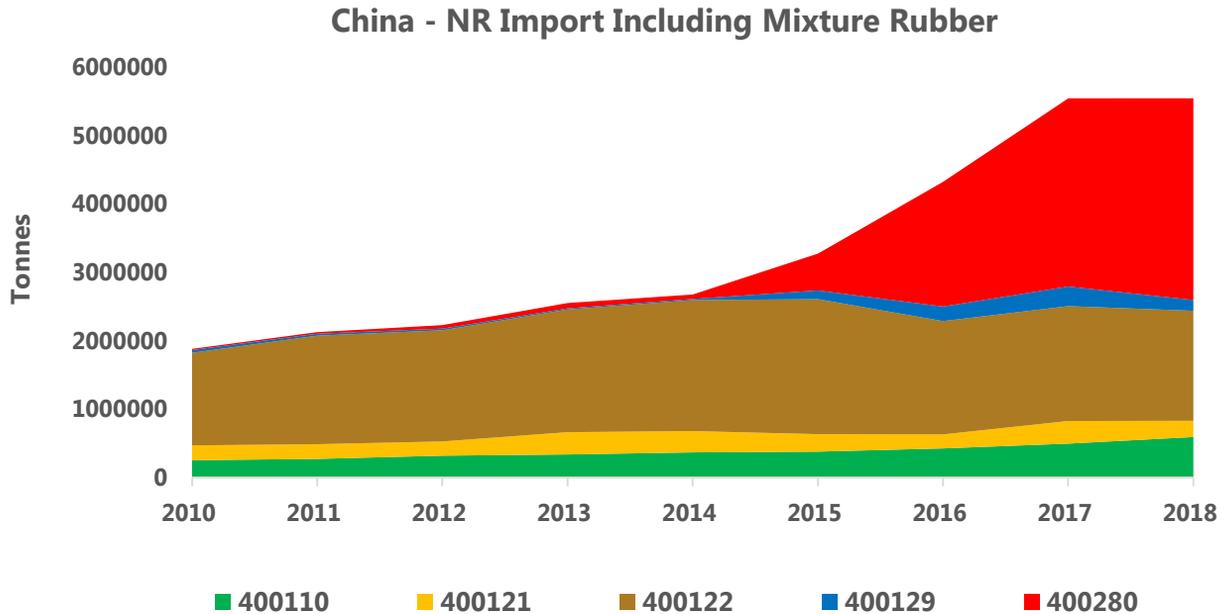


# China is the major driver for global NR Consumption and Trade



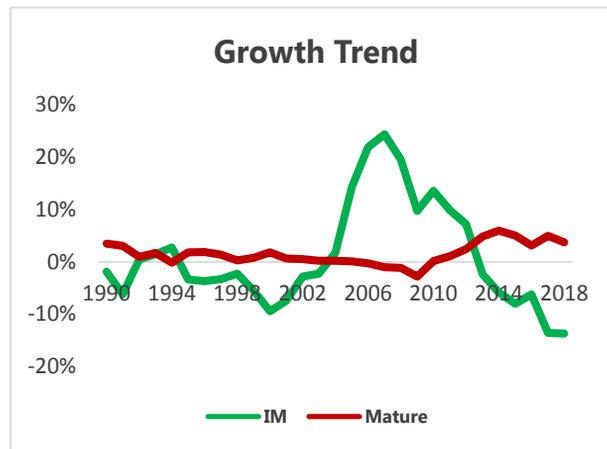
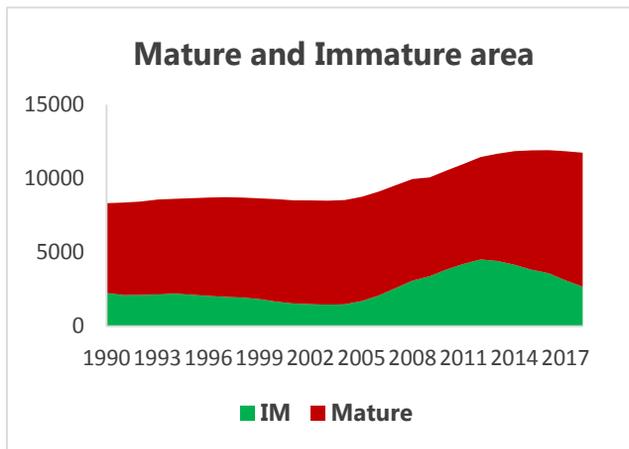
# More than five fold increase in mixture rubber import from 2015 level with significant decline in TSR (-19%) and RSS (-7%)

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# NR area expansion more than three million ha in the last decade

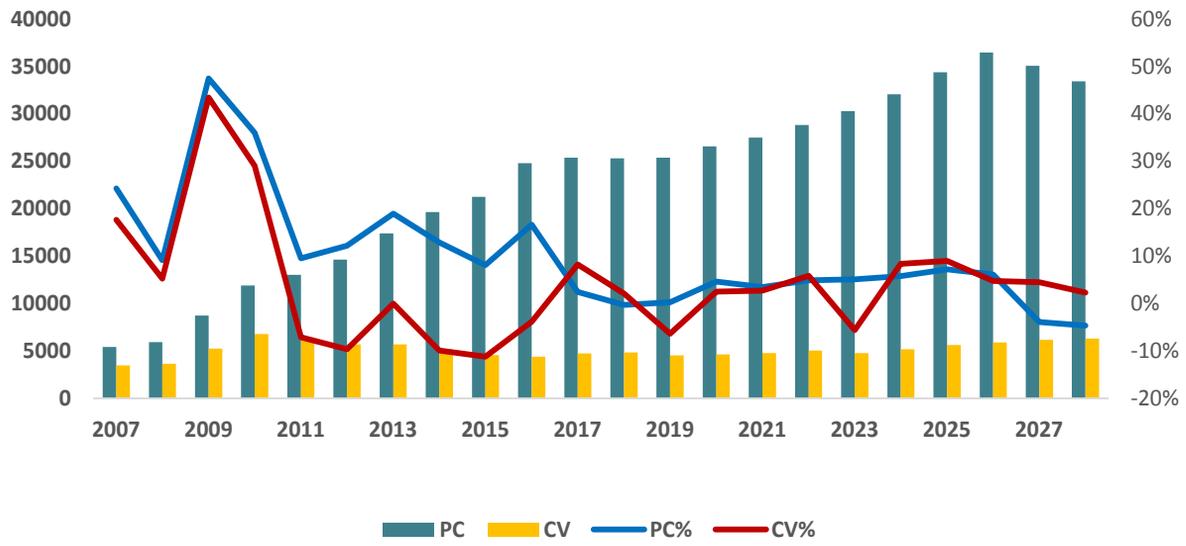
25% increase total rubber area in the last 10 years mainly driven by Mekong Region



# China Vehicle Sector Slowing Down

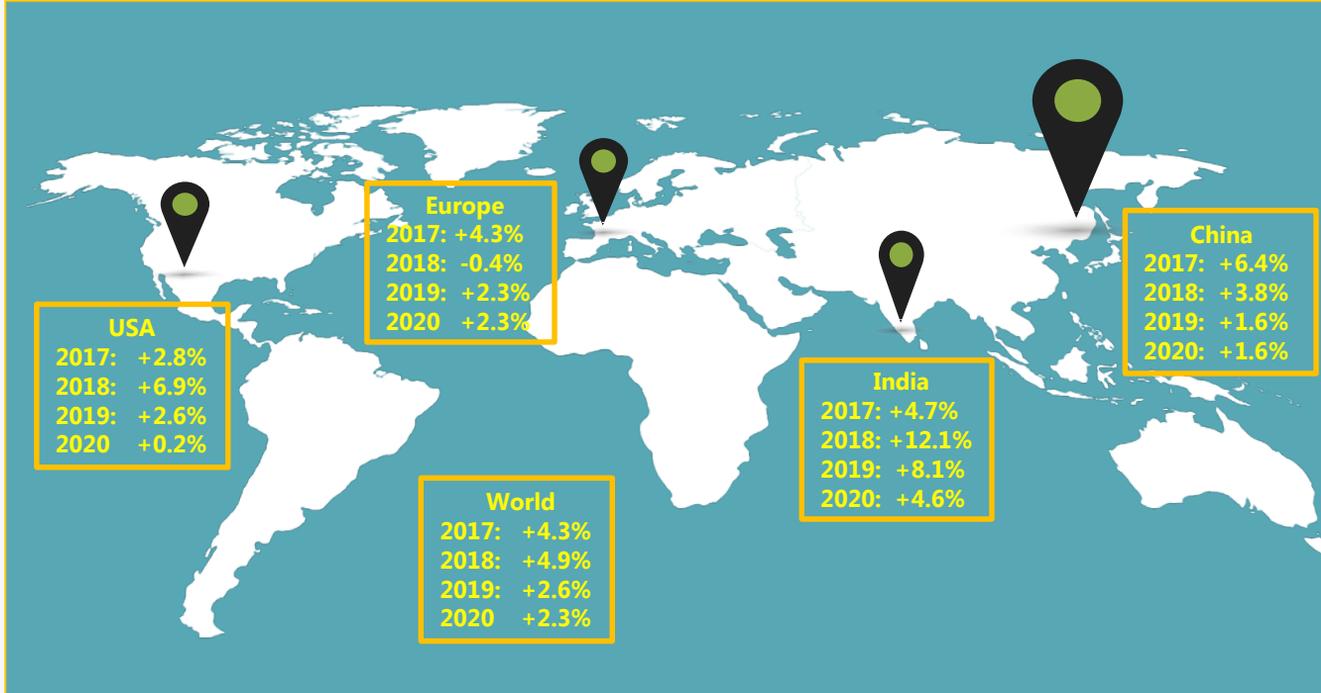
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thousands



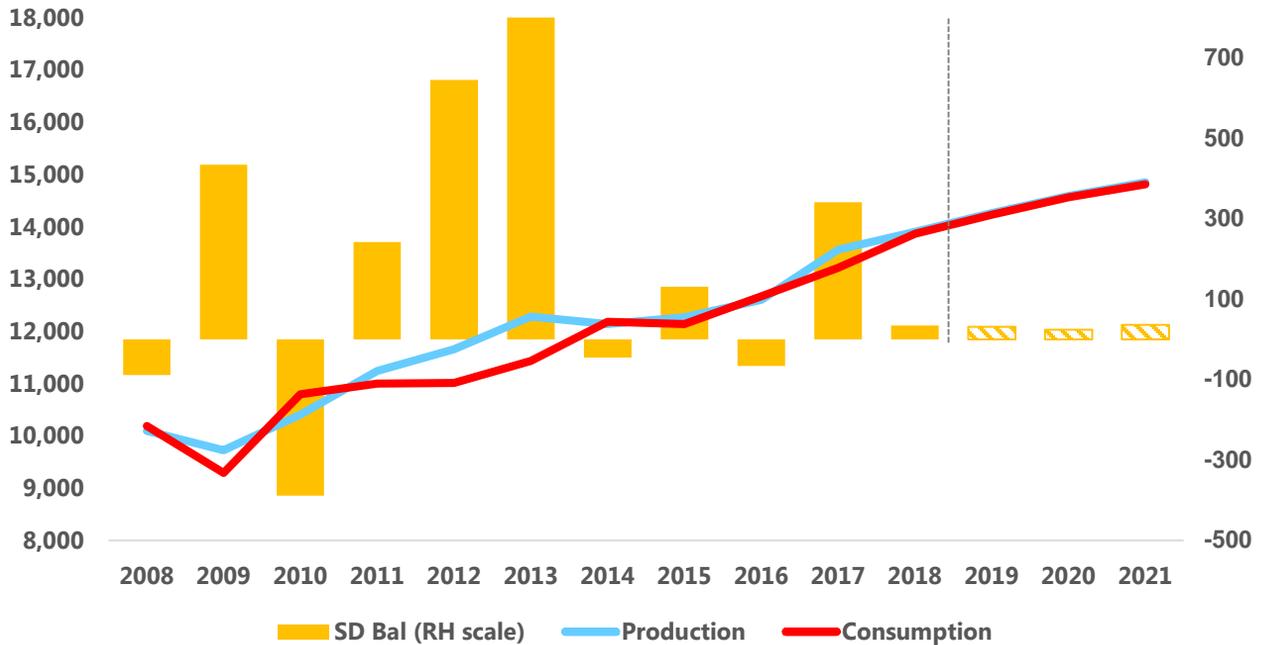
# IRSG Forecast

## Global Natural Rubber Consumption



# NR Production, Usage and SD Balance (thousand tonnes)

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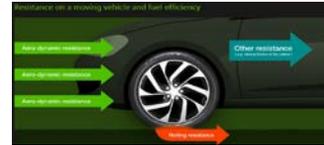


# Supply Chain Challenges

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- Customer **requirements** are changing with **technology** and **mobility changes**
- **Downstream** industry focus is to provide **solutions** than **product**
- **Advanced technology** to support **fuel efficiency**, **supply chain mapping** and **precision farming**



- Addressing **sustainable production** and **consumption**
- **Mobility ecosystem** responses and **sustainable mobility**
- **Alternative** raw materials fit in the **sustainability agenda**
- Addressing **end of product** management & **Waste management**





# NR: Main Concerns and Opportunities

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- **Robust Increase** in rubber area raises concerns on deforestation
- **Continuing low** prices; Impact on **smallholders**.
- **Inefficiency** in the supply chain & lack of industry-wide reference on **cost of production**.
- Need to find ways to **add value** to NR.
- Extensive use of **innovative solutions** in rubber plantations.



# WRS 2019 - From Evolution to Revolution New Paths for the Rubber Economy (March 2019)

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# Key Takeaways

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- Rubber consumption is growing modestly while NR production intensity is declining despite increase in new tapping area
- Demand continues to be driven by emerging market growth and recovery in mature markets
- Slowing tyre sales and rubber consumption growth in China. Deceleration has not impacted so far the global growth in medium-term
- Mobility and Digitization will drive innovation and disruption in the rubber industry





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