

Rubber Cooperation Dialogue between Thailand, Indonesia, Malaysia and Viet Nam 2nd March 2018 at the Intercontinental Hotel, Bangkok

H.E. Mr. Grisada Boonrach Minister of Agriculture and Cooperatives accompanied by Mr. Luck Wajananawat Deputy Minister of Agriculture and Cooperatives, Mr. Lertviroj Kowattana Permanent Secretary, Dr. Suwit Chaikiattiyos Director General of Department of Agriculture, Mr. Titus Suksaard Governor of Rubber Authority of Thailand and Mr. Rapibhat Chandarasrivongs Assistant Permanent Secretary of Ministry of Agriculture and Cooperatives, Thailand held the meeting with H.E. Mr. Ahmad Rusdi, Ambassador of the Embassy of the Republic of Indonesia, H.E. Mr. Nguyen Hai Bang, Ambassador Extraordinary and Plenipotentiary of the Socialist Republic of Vietnam, and Mr. Mohd Faizal – Razali, Minister/Deputy Chief of Mission of the Embassy of Malaysia, as representatives of the 4 largest producing countries, to follow-up on the progress of the implementation of the Agreed Export Tonnage Scheme (AETS) by the Tripartite Rubber Council (ITRC) member countries, as well as exchange ideas related to measures and other alternative methods for rubber price stabilization. The discussion topics are as follows:

1. The Progress of the Implementation of the 5th Agreed Export Tonnage Scheme (AETS) in the Period of January – March 2018 of ITRC Member-Countries

As a result of the natural rubber's price dropping to 150 US Cents/kg in October 2017, the ITRC member countries have agreed to implement the 5th Agreed Export Tonnage Scheme (AETS), which is a short term plan to address natural rubber price issues in the period of January – March 2018. The AETS is expected to reduce the supply of natural rubber by approximately 350,000 tonnes. After 2 months of the 5th AETS, the natural rubbers price in Thailand has increased as well as Indonesia and Malaysia. Thailand once more will invite the other member countries to report on the progress.

2. The Progress of Viet Nam's Accession to the International Tripartite Rubber Council

Viet Nam has expressed their commitment to participate as the fourth member country of the ITRC in response to the ITRC's invitation. The Ambassador of Viet Nam informed the meeting that Viet Nam will release an official statement on the Memorandum of Understanding on the Participation of Viet Nam as a Full Member of ITRC once the government has given approval.

3. Sharing Measures and other alternative methods for rubber price stabilization

The Minister of Agriculture and Cooperatives invited the meeting to propose alternatives to resolve the natural rubber price issue and implementation methods that will improve rubber farmer's quality of life and develop the natural rubber price mechanism in the long term, under the principle of increasing demand and decreasing supply to near-matching numbers with 5 following measures:

➤ Domestic Measures 1) Supporting the medium and small enterprises to develop ideas and innovations to invent goods that incorporate more natural rubber, such as medical and nursing equipment and mattresses, in which the government will provide low-interest loans. 2) Supporting rubber consumption within government agencies and state enterprises for Thailand's infrastructure such as swimming pools, wells, and small sport grounds with the aim to increase natural rubber consumption by over 180,000 tonnes, which can be purchased from farmers, farmer groups, and agricultural cooperatives. 3) Prohibition of the area expansion of natural rubber cultivation in which rubber farmers with 25-year old rubber trees are advised to grow alternative crops or practice other professions, of which government will provide compensation.

➤ International Measures 1) The establishment of Domestic Natural Rubber Supply and Rubber Price Control Committee as well as an International Natural Rubber Supply and Rubber Price Control Committee which consist of three sectors: Government sector, Private sector and Rubber Farmer Institute sector. The main tasks of the Committees are to review and analyze production, processing, and exporting costs; monitor the natural rubber market; and determine the price of rubber for purchase and export. Fair domestic pricing among each member-country will be able create fairness to farmers and producers at the regional level. 2) Reducing rubber production by (1) cutting down 160,000 hectares of rubber trees, which may result in climate change (2) Cutting

down half of the rubber plantation and replace it with alternative crops (3) 2 measures for tapping holidays, such as a short-term measure to halt 480,000 hectares rubber tapping activity for 3 months, or a long-term measure for all rubber plantations to have a cycle of tapping for a period of 15 days followed by a 15-day period of tapping holiday (originally tapping for 20 days followed by 10 days of tapping holiday).

The meeting has expressed interest in the measures to manage supply and is willing to implement new measures under the cooperation of the ITRC.

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