

## REINVIGORATING THE RUBBER INDUSTRY

# ASEAN MUST PLAY ACTIVE ROLE

**A**T a recent International Rubber Research and Development Board meeting hosted by the Rubber Authority of Thailand in Bangkok, representatives from rubber-producing countries discussed the future of the rubber product industry.

It was found that the percentage of rubber used in the producer countries is low — at less than 20 per cent. Much of the raw rubber produced is exported instead of being used domestically to produce finished rubber products. Yet, the same rubber-producing countries import large quantities of finished rubber products.

Persistently low raw rubber prices are a major worry for producers. Rubber farmers are distressed by the poor returns. Many have started looking for options.

In Malaysia, less than half of the one million hectares planted are tapped. Many smallholders have replaced rubber with oil palm. Some have planted durian trees. It is not much different in Indonesia.

The recent outbreak of the Pestalotiopsis leaf disease, which lowers yield significantly, has been the other reason for quitting rubber.

In Thailand, less than half of the replanting grant meant for rubber was used for rubber. The rest went to cash crops, mainly durian.

The Philippines has started to pay serious attention to natural rubber. They plan to strengthen their downstream rubber product business.



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Asean countries form the bulk of the world's natural rubber producers. Other major producers are Sri Lanka, India, China, the Ivory Coast in Africa and some Latin American nations.

Even Brazil, the original home of natural rubber, has started expanding its cultivation in areas free from the dreaded leaf disease, SALB. India and China do not produce enough for their own needs. They depend on imports. Even Malaysia is fast turning into a net importer.

In the glove business, which saw Malaysian companies making a fortune during the pandemic, the latex concentrate used was mainly imported. For that matter, even our rubber-processing business depends on imported cup lumps from Africa to survive.

Notwithstanding, natural rubber remains indispensable to the world. So long as tyres are needed, there will be robust world demand.

In fact, experts say that in the global

push for electric cars, more natural rubber will be used in tyres. This is because of its superior resilience, which can support better fuel usage that is critical in electric cars.

But the challenges posed by rubber farming count as the biggest concern.

If rubber farmers continue to abandon rubber farming because of the poor returns, it will negatively affect global supply.

An uncertain world supply is also not welcomed by the major tyre manu-

facturers. No wonder we see more big tyre brands investing in rubber plantations lately.

Equally concerning is that rubber-producing countries stand to lose much of the foreign exchange they earn from natural rubber. Asean can avert this. Except for Brunei and Singapore, the other Asean member countries grow rubber.

Rubber growers are also a strong political force.

At the same time, Asean, with a population fast approaching 700 million, is a major world market for finished rubber products. Asean has all the right reasons to create a massive downstream rubber product industry. But it is important to ensure that a decent share of the returns is used to support rubber farmers.

The technological development to modernise the industry should see more collaborations. Collaborations with the global users of natural rubber should be stepped up.

This is where the Tun Abdul Razak Research Centre (TARRC) in the United Kingdom can be better utilised. Together, Asean can inject new vigour into TARRC.

Asean can revolutionise the natural rubber industry and keep it sustainable. It will be a win-win for natural rubber producers and consumers.

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### SUMMARIES

AT a recent International Rubber Research and Development Board meeting hosted by the Rubber Authority of Thailand in Bangkok, representatives from rubber-producing countries discussed the future of the rubber product industry. It was found that the percentage of rubber used in the producer countries is low — at less than 20 per cent. Much of the raw rubber produced is exported instead of being used domestically to produce finished rubber products. Yet, the same rubber-producing countries import large quantities of finished rubber products.