Tyre grade rubber rises on support moves, doubts linger

* Tyre grade rubber jumps more than 5 percent * Producers to cut exports by 300,000 T this year * Market awaits details such as buying mechanism, compensation (Adds more reaction, background) By Lewa Pardomuan SINGAPORE, Aug 17 (Reuters) – Tyre grade prices jumped more than 5 percent after Tokyo rubber futures rallied on the latest plan by top producers to trim exports and cut trees this year, but the excitement could be shortlived in the absence of details such as funding, dealers said on Friday. Thailand, Indonesia and Malaysia on Thursday announced the new measures to curb supply by up to 450,000 tonnes, which is similar to a move in 2008 to slash exports by more than 900,000 tonnes. The three countries account for 70 percent of global output. The most active rubber contract on the Tokyo Commodity Exchange, January, extended gains on Friday and rallied 6 percent to a high of 224.8 yen a kg, pushing up the price of tyre grade in Southeast Asia by more than 5 percent. But the producers have yet to spell out key details such as the timing of the plan, whether they will buy rubber from domestic markets, and how they will compensate farmers who agree to cut trees. There are also worries about slowing demand in top consumer China. "China's domestic demand has been weak in the first half of the year for several reasons. The main reason is the policy of curbing automobiles in some cities like Beijing, which cuts demand for tyres," said Li Botao, an analyst with Beijing Oriental Agri-Business Consultant Co. Ltd. "A slower economy in the year restrains demand as well." Tokyo futures had plunged to their weakest in nearly three years this week on worries about the health of the global economy and after disappointing China's trade figures painted a picture of a slowing economy. "We certainly will see impact from this. But it is difficult to see exactly how this will affect us. We will continue to pay close attention," said Yuki Kawasoe, a spokesman at tire maker Bridgestone Corp, the world's largest tyre maker. In their latest attempt to shore up prices, Thailand, Indonesia and Malaysia will cut exports by 300,000 tonnes this year and will reduce supply by cutting down trees across about 16,000 hectares (39,520 acres). Indonesian SIR20 changed hands at as much as 113.50 U.S. cents a pound , up 3.6 percent from earlier this week, on the plan while Malaysian SMR20 jumped more than 5 percent, trading as high as $2.64 a kg, from $2.50 late on Tuesday. There were no reports of deals for Thai RSS3, which was offered at $2.75 a kg on Friday. The grade was traded at $2.60 a kg earlier this week — well below a lifetime high of $6.40 a kg in February 2011. "I think this is just a temporary rally. But we shall see. How can anyone restrict exports? You hit the agreed amount in October for instance, then what, no more exports?" asked a dealer in Singapore. "That would be detrimental to the likes of shippers and farmers! There would be riots. Chop down the trees or push finished goods into the South China Sea … that's the best way to drive the price up!" The producers said details of the new plan would be announced later. But in the past, such schemes have involved setting quotas that restrict the volume of rubber individual exporters can ship, and governments have often found them difficult to enforce. "Earlier attempts by rubber-producing countries to cut production to support prices were not successful," said Rajiv Budhiraja,

Director General Automotive Tyre Manufacturers Association. "And let's see how it will impact prices this time," he added. India, the world's second-largest consumer, saw July imports of natural rubber fall by more than 14 percent from a year ago, to 17,084 tonnes, as tyre makers slowed purchases due to comfortable inventories built-up from earlier imports. (Additional reporting by Yuko Kubota in Tokyo, Sabrina Mao in Beijing and Deepak Sharma in Mumbai; Editing by Clarence Fernandez)