

## **Natural rubber exports to be cut**

Thailand, Indonesia and Malaysia – which produce about 70 per cent of the global natural-rubber supply, have agreed to cut exports of the commodity by 300,000 tonnes in an attempt to raise the price, Agriculture and Cooperatives Deputy Minister Nattawut Saikuar said on Thursday. Mr Nattawut, a co-leader of the red-shirt United Front for Democracy against Dictatorship (UDD), said a meeting of representatives from the three biggest rubber producers agreed on the cut with the aim of boosting the market price of natural rubber. Under the agreement, Thailand will cut its rubber exports by 150,000 tonnes. The remaining 150,000 tonnes will be shared by Indonesia and Malaysia, he said.

Rubber growers in the southern province of Surat Thani rallied in front of their respective provincial halls on Wednesday, demanding that the government urgently solve the problem of low rubber prices. The protesters handed their written demand to Prime Minister Yingluck Shinawatra through Surat Thani governor Cherdasak Chusri. They called on the government to intervene in the domestic market by purchasing raw rubber at 120 baht (US\$3.80) per kilogramme, with the price recently plunging to 85 baht (US\$2.69) per kilogramme. The rubber growers went home after the provincial governor promised to work with the government to urgently solve the problem. Surat Thani is the political stronghold of former deputy prime minister for security affairs and former Democrat Party secretary general Suthep Thaugsuban.

Last week, Mr Nattawut blamed a slump in rubber prices on the eurozone economic crisis, and defended the government's unsuccessful attempts to boost the domestic price to 100 baht a kilogramme. He said the previous previous Democrat Party-led government spent up to 24 months trying to shore up the price of rubber to over 100 baht/kg. While Thailand is building inventories and cutting aging trees, local rates have fallen 33 per cent from this year's peak to the lowest level since November 2009. The country announced in May plans to buy more than 10,000 tonnes in Tokyo and Shanghai to boost prices. Global natural-rubber consumption may rise 2.5 per cent to 11.2 million tonnes in 2012 as output grows 3.2 per cent to 11.3 million tonnes, the International Rubber Study Group said last month. Demand may climb 4.3 per cent to 11.7 million tonnes next year as production gains 4.4 per cent to 11.8 million tonnes.