

Dry weather to cut Indonesia's rubber output

Indonesia's 2012 rubber output will fall by 10 percent on the year to 2.8 million tonnes due to dry weather conditions in the world's second-largest producer, the head of the rubber industry association said on Tuesday. "Understand that the production will be lower, it's too dry," Daud Husni Bastari, the newly elected chairman of the Indonesian Rubber Association (Gapkindo), told Reuters in an interview. "If the dryness is very severe, the wintering period will be longer." Rubber is tapped year-round but latex output drops during wintering, when rubber trees shed their leaves. Earlier this year, Gapkindo forecast the annual rubber output to fall by 8-10 percent from 2.95 million tonnes in 2011. Bastari was elected as Gapkindo's chief during the industry's annual congress which took place in August. He has over 30 years of experience in Indonesia's agriculture industry and before retiring, worked at state plantation firm PTPN. Last month, Indonesia's weather bureau said any El Nino weather pattern, which can cause widespread drought in Australia, parts of Africa, Southeast Asia and India, would have limited impact on the country. Almost 90 percent of Indonesian rubber comes from small-scale farmers, with Sumatra province accounting for 70 percent of overall output. Bastari said rubber exports are likely to fall to 2.1 million tonnes in 2012, from about 2.5 million tonnes in the previous year, as Indonesia plays its part in an agreement with other major producers Thailand and Malaysia to reduce rubber sales to shore up prices hit by a faltering economy. Bastari, however, would not elaborate about any future measures to support rubber prices. Reducing rubber output has become a political issue in Thailand and Malaysia is a net importer of rubber.