

## **Thai Government May Buy 300,000 Tons of Rubber to Lift Price**

By Supunnabul SuwannakijSept. 13 (Bloomberg) -- Thailand, the world's biggest natural rubber producer, will spend 30 billion baht (\$966 million) to buy the commodity used in tires and gloves from farmers at above-market rates to stem a decline in prices. The national rubber policy committee today approved the spending to purchase at least 300,000 metric tons, Nattawut Saikuar, deputy farm minister, told reporters in Bangkok. The government, through state-owned banks, will also provide 15 billion baht to exporters at low interest rates, he said. Thailand has spent about 15 billion baht already, buying around 100,000 tons, he said. Rubber futures have rebounded 16 percent from their lowest levels in almost three years on Aug. 14 after Thailand, Indonesia and Malaysia, representing about 70 percent of global supplies, announced a cut in exports last month. Prices are still 34 percent down in the past year, cutting income for growers, as the economy slowed in China, the world's largest auto market, and Europe struggled to contain its debt crisis. "We have walked in the right direction and will continue to move forward," Nattawut said. Rubber for February delivery fell 0.4 percent to 241.6 yen a kilogram (\$3,109 a ton) on the Tokyo Commodity Exchange today. Futures reached a record 535.7 yen on Feb. 18 last year and dropped to the lowest level since October 2009 on Aug. 14. Review Meeting Thailand, Indonesia and Malaysia plan to cut exports by 300,000 tons from Oct. 1 and 60 percent of the target will be met in the first three months, International Tripartite Council, representing state agencies and exporters, said Aug. 29. They also agreed to accelerate cutting aging trees in areas that cover 100,000 hectares (247,105 acres) to lower exports by another 150,000 tons, it said. Ministers from the three countries will soon meet to review the price-support measures before a meeting of the prime ministers, Nattawut said. Agencies in Thailand, which will buy rubber from farmers, will need to seek cabinet approval to spend 5 billion baht at a time, Nattawut said. The purchase may boost prices of rubber sheet to 100 baht a kilogram and smoked rubber sheet to 104 baht a kilogram, said Wit Pratuckchai, director-general of the Rubber Replanting Aid Fund. Rubber sheet at Songkhla market in southern Thailand was 83.24 baht a kilogram at auctions today, according to the Rubber Research Institute of Thailand. Price of ribbed smoked sheet was at 83.33 baht a kilogram, it said on its website.