

## **Asian Rubber Producers Prepare Price Support Scheme**

Bangkok. Thailand, the world's biggest rubber producer and exporter, will on Thursday outline measures that it will take with other top producers Indonesia and Malaysia to support prices, which have plunged because of global economic woes, a senior official said. "The top three rubber producers met yesterday and came up with some measures to stabilize rubber prices, and the measures are due to be implemented urgently," said Yium Tavarolit, chief secretary of the International Rubber Consortium Ltd, which groups officials from the rubber industry.

The International Tripartite Rubber Corporation (ITRC), which brings together government and industry officials from the three countries, met in Bangkok on Wednesday after physical rubber prices slumped by more than half from the record high of \$6.40 per kg in February 2011 to \$2.75. Officials who attended the meeting said the three countries, which account for 70 percent of global production, could limit exports and cut down rubber trees in a bid to reduce supply and therefore shore up prices. However, similar policies have been tried in the past and have proved difficult for governments to enforce, especially export restrictions. In December 2008, when the global financial meltdown sent Thai RSS3 rubber to a seven-year low of \$1.10 a kg, the three countries agreed to cut exports by a total of 915,000 tons in 2009. It was never clear how much each country managed to hold back and the policy was quietly shelved in the middle of 2009 after prices began to recover, largely due to rising demand in China, the world's biggest rubber consumer. Besides the international measures, Thailand has also tried to prop up prices at home. The government has approved 15 billion baht (\$475 million) for rubber intervention since late January, when farmers protested because the price of unsmoked sheet had fallen below 100 baht (\$3.17) per kg. The legislative process meant the scheme was not really implemented until May and it has had little impact. The price of USS3 had fallen to 81 baht per kg by Thursday.