Indonesia to start slashing rubber exports in Q4 -industry group

SINGAPORE, Sept 6 (Reuters) – Indonesia, the world's second-largest rubber producer, will start cutting exports in the fourth quarter of this year, a senior industry official said, holding back around 100,000 tonnes of the commodity in a joint effort with Malaysia and Thailand to boost sagging prices. "Whether (export curbs) are going to last for six or three months really depends on the response from the market," Daud Husni Bastari, the newly-elected chairman of the Indonesian Rubber Association (Gapkindo), told Reuters by telephone. "This is a joint effort because we are dealing with an unusual situation," he said, adding that details on the cuts would be finalised next week. Indonesia, Malaysia and Thailand agreed in August to cut down rubber trees and trim exports by 300,000 tonnes, or about 3 percent of global production this year, as they look to shore up prices hit by a faltering global economy. Thailand will reduce exports by 150,000 tonnes, or 5.5 percent of expected shipments, while Malaysia will hold back up to 50,000 tonnes. Indonesia's around 100,000-tonne curb would come in at around 3 percent of its projected exports. "We are not sure why prices are at their current levels. But we understand that we need to tackle this issue carefully," Bastari said on Thursday, noting that a rise in oil to more than $96 a barrel should have pushed up rubber as well. Tyre grades are hovering at their weakest since 2008 after global benchmark Tokyo futures tumbled on concerns about the health of the world's economy. Top producer Thailand earlier announced it would start cutting exports by 10 percent a month for six months from October. Malaysia has yet to make an official announcement. 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 tonnes 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, fuelled largely by rising demand in China, the world's biggest rubber consumer. Gapkindo encompasses 161 companies ranging from plantations to processors, exporters and traders. (Reporting by Lewa Pardomuan; Editing by Joseph Radford)