

Vietnam may join top rubber producers

Vietnam, the world's fourth-largest rubber exporter, may join the International Tripartite Rubber Council of top producing nations, strengthening the group which has agreed to cut shipments to support prices.

Vietnam is considering the move and collecting more information before reaching a decision, Tran Tuan Anh, deputy minister of industry and trade, said by phone on Dec. 3, without giving a timeframe. The council includes Thailand, Indonesia and Malaysia, which represent about 70 per cent of global supply.

Rubber climbed 27 per cent from the lowest in almost three years in August after the group agreed to curb shipments from Oct. 1 and cut down aging trees, removing a total of 450,000 tons from the market. The rally, partly driven by prospects for a rebound in China and a U.S. recovery, may raise farmers' incomes and lift costs for tiremakers such as Bridgestone Corp.

"If Vietnam joins the tripartite council, that would increase the influence of producer actions on the market," said Takaki Shigemoto, a commodity analyst at research company JSC Corp. in Tokyo. "If Vietnam joins export curbs by the three largest shippers, that would help bolster prices."

Rubber for delivery in May fell 0.8 per cent to 260.10 yen a kilogram (US\$3,176 a metric ton) on the Tokyo Commodity Exchange today. Futures dropped to 205.6 yen on Aug. 14, the lowest level since October 2009. Futures are still down 51 per cent from a record 535.7 yen reached in February 2011.

Producer Meeting

Ministers, officials and representatives from exporter associations meet next week in Thailand for the group's annual meeting to discuss ways to bolster prices, the country's Deputy Farm Minister Yuttapong Charasathien said Nov. 22. Options include plans to form a regional futures market and discuss the so-called appropriate price that allows farmers to make a living and promotes usage, he said.

"It is a good sign that Vietnam is showing an interest to join the ITRC," Yium Tavarolit, chief secretary of the International Rubber Consortium Ltd, a unit of the group, said by phone this week. He referred to the council by its initials.

While the country will have to take part in the consortium because exports have been growing, membership needs investment and depends on the government, Tran Ngoc Thuan, chairman of the Vietnam Rubber Association, said in a Dec. 1 interview in Ho Chi Minh City. It's unclear when the country will join, he said.

Shipments from Vietnam may increase to 988,000 tons this year from 817,000 tons last year, the Association of Natural Rubber Producing

Countries said in a Nov. 29 report. Thailand, exported 2.95 million tons, Indonesia shipped 2.57 million tons and Malaysia sold 1.26 million tons in 2011, it said.

Vietnam may export 1 million tons this year and a similar amount next year, said Thuan from the association.