

Malaysia: Govt to bear holding cost for rubber industry

KUALA LUMPUR: The government will bear the holding cost for the rubber industry if exporters need to stop selling, in a move to support the price of SMR 20.

Minister of Plantation Industries and Commodities, Tan Sri Bernard Dompok said on Wednesday the price mechanism would kick in should the tyre-grade SMR20 fall below US\$2.70 (RM8.31 as at midday) per kg.

“The tripartite agreement between Thailand, Indonesia and Malaysia would cut off 300,000 tonnes to the market, and the portion that Malaysia would take is at 39,000 tonnes in proportion with the rubber we produced,” he said.

The three countries had agreed in August to cut down rubber trees and trim exports by 300,000 tonnes, or about 3% of global production this year in an attempt to curb declining global rubber prices.

The move came into effect on Oct 1.

The Malaysian Rubber Board’s official physical price for SMR20 closed at RM9.31 per kg on Tuesday.