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Vietnam Invited To Join International Tripartite Rubber Council

KUALA LUMPUR, Jan 19 (Bernama) -- The International Tripartite Rubber Council (ITRC) ministers have agreed to invite Vietnam to join the council and International Rubber Consortium Ltd.

Vietnam, being the world's fifth largest natural rubber producer, will strengthen cooperation among the producers with its presence, said Plantation Industries and Commodities Minister Tan Sri Bernard Giluk Dompok.

He said with the inclusion of Vietnam, the council would be able to increase its production share from 70 per cent to 76 per cent and its exports share from 84 per cent to 93 per cent.

Dompok attended the ITRC meeting here Tuesday together with Thailand's Deputy Minister of Agriculture and Cooperatives, Supachai Phosu, and Indonesia's Vice Minister of Agriculture, Dr Bayu Krisnamurthi.

During the meeting, the ministers reviewed the impact of measures undertaken by the ITRC in mitigating the volatile fluctuations of rubber prices due to the global recession.

Dompok told reporters after the meeting that the ministers were pleased with the positive impact of the two measures undertaken, namely the Supply Management Scheme and Agreed Export Tonnage Scheme which contributed to the improvement in natural rubber prices.

Rubber prices were now hovering above US\$3.00 per kg, he said.

"The ITRC is not in favour of fixed rubber prices and prefers some flexibility," he added.

The ITRC ministers recorded their appreciation to the private sector in supporting the council's initiatives, especially during the first half of 2009 when they refrained from offering natural rubber for export below US\$1.35 per kg.

Dompok said the current high prices was not a cause of concern for rubber producers.

"We are not putting a curb on the high rubber prices. It will only be a cause for concern if the prices are below the production cost. If prices fall below the US\$1.30 per kg, then there is a cause for us to look at how to manage or regulate prices," he said.

The global economic crisis had depressed natural rubber prices and the ITRC daily composite price tumbled by 66.15 per cent from US\$3.26 per kg on July 2, 2008, to a low of US\$1.10 per kg on Dec 11, 2008, within a period of six months.

The price recovered and improved from US\$1.36 per kg on Dec 30, 2008, to US\$2.87 per kg on Dec 30, 2009. This was an 111 per cent improvement during the one-year period.

The ITRC ministers emphasised the need to continuously monitor the world demand-supply situation for natural rubber and undertake appropriate measures to counter negative price trend which would adversely affect the income of over three million rubber smallholder households in the three ITRC countries.

The ministers also deliberated on the importance of devising a special funding scheme to support the Agreed Export Tonnage Scheme and Strategic Market Operation.