

JOINT COMMUNIQUE/MEDIA RELEASE

SPECIAL MINISTERIAL COMMITTEE MEETING (MCM) 2019 INTERNATIONAL TRIPARTITE RUBBER COUNCIL

1. Three Ministers from the main natural rubber (NR) producing countries, namely Thailand, Indonesia and Malaysia, attended the Special Ministerial Committee Meeting of the International Tripartite Rubber Council (ITRC) on 22 February 2019. The Meeting was hosted by Thailand as the largest producer of NR at Mandarin Oriental Hotel, Bangkok.
2. The Meeting was chaired by the Host Minister, H.E. Grisada Boonrach, Minister of Agriculture and Cooperatives of the Kingdom of Thailand. The other member countries were represented by H.E. Darmin Nasution, Coordinating Minister for Economic Affairs of Republic of Indonesia, and H.E. Teresa Kok, Minister of Primary Industries of Malaysia. The three Ministers were accompanied by senior officials from governments and members of the Board of Directors of the International Rubber Consortium – a company established by the three members of ITRC.
3. The Special Ministerial Committee Meeting was held with the objective to explore measures to address the prevailing depressed NR price level. In the Meeting, the Ministers shared views on NR market and discussed related issues and efforts to ensure balanced and healthy NR fundamentals towards fair and remunerative price levels.
4. The Ministers reviewed NR market and price which has been hovering at a low level throughout the year 2018 until early 2019. The negative market sentiment and uncertainty in the global economy continued to influence the market affecting the livelihood of millions of smallholders in this region. The Ministers, however, were encouraged with the improved NR price globally since the middle of December 2018, which provided relief to producers, particularly the smallholders. The Ministers expressed their hope that NR price would improve towards a remunerative level. With improved NR price, it would remain attractive for smallholders to plant and harvest.

5. The Ministers looked into options at improving price under the current market situation and formulating action plans to ensure the effectiveness of relevant concerted measures under the Cooperation.
6. The Ministers reiterated the view regarding the importance of the **Agreed Export Tonnage Scheme (AETS)** as an effective instrument to address the transient stock imbalance from the global market. In this regard, the Ministers decided to implement the AETS in order to reduce export from TIM countries in the amount of 200,000 – 300,000 MT. The Ministers tasked the Senior Officials of ITRC to discuss details of the AETS implementation within two weeks in Thailand.
7. Member Countries shall continue to implement projects under **Demand Promotion Scheme (DPS)** which would increase the domestic consumption significantly. On top of the forecast of 700,000 MT of its regular annual consumption, Thailand is implementing DPS project which would consume additional 270,000 MT of rubber. In addition to that, Thailand has been implementing its **Strategic Market Operation** through 6 physical rubber markets which has resulted in improved NR price in domestic market. With this operation, the trading volume of physical rubber in 2018 increased by 105,600 MT with the total value of USD225 million.
8. Meanwhile Malaysia would continue its rubberised road project. The Government has approved a RM100 million allocation for the maintenance and construction of roads using cup-lump modified bitumen in ports and industrial areas.
9. As for Indonesia, utilisation of natural rubber is present in various infrastructure projects, such as provincial and district roads throughout the country, railroad track dampers, road separators, bridge bearings and tyre retreading.

10. The Ministers are committed to continue and enhance the implementation of the **Supply Management Scheme (SMS)**. SMS is integral towards achieving long term equilibrium in NR demand and supply. The member countries are encouraged to accelerate replanting of NR as well as planting alternative crops. Thailand continues replanting rubber trees by 65,000 hectares per year. While, Indonesia will initiate replanting rubber trees by 50,000 hectares per year and Malaysia is implementing its replanting programme of 25,000 hectares per year.

11. The Ministers also deliberated on the future direction of the **Regional Rubber Market (RRM)** as a futures market and the establishment of an arbitration centre to support the RRM.

12. The Ministers agreed to propose the establishment of **ASEAN Rubber Council (ARC)** as a platform for discussion on development of NR industry and cooperation with other ASEAN countries and ASEAN dialogue partners.

13. The Governments of Thailand, Indonesia, and Malaysia reiterated their commitment in the cooperation and pledged to continue implementing effectively concerted measures under ITRC as well as creating new areas of cooperation to ensure a more resilient and sustainable NR industry. The cooperation remains essential and important for all stakeholders who rely on NR as a source of income and reliable raw material for various industries.

ITRC

22 February 2019