



**International Rubber Study Group**

# **The Case for an Integrated Rubber Value Chain Strategy**

**ASEAN Plus 2013 Rubber Conference**

**Phuket, Thailand**

**10<sup>th</sup> – 12<sup>th</sup> April 2013**

**Prepared by the IRSG Secretariat**

**[www.rubberstudy.com](http://www.rubberstudy.com)**

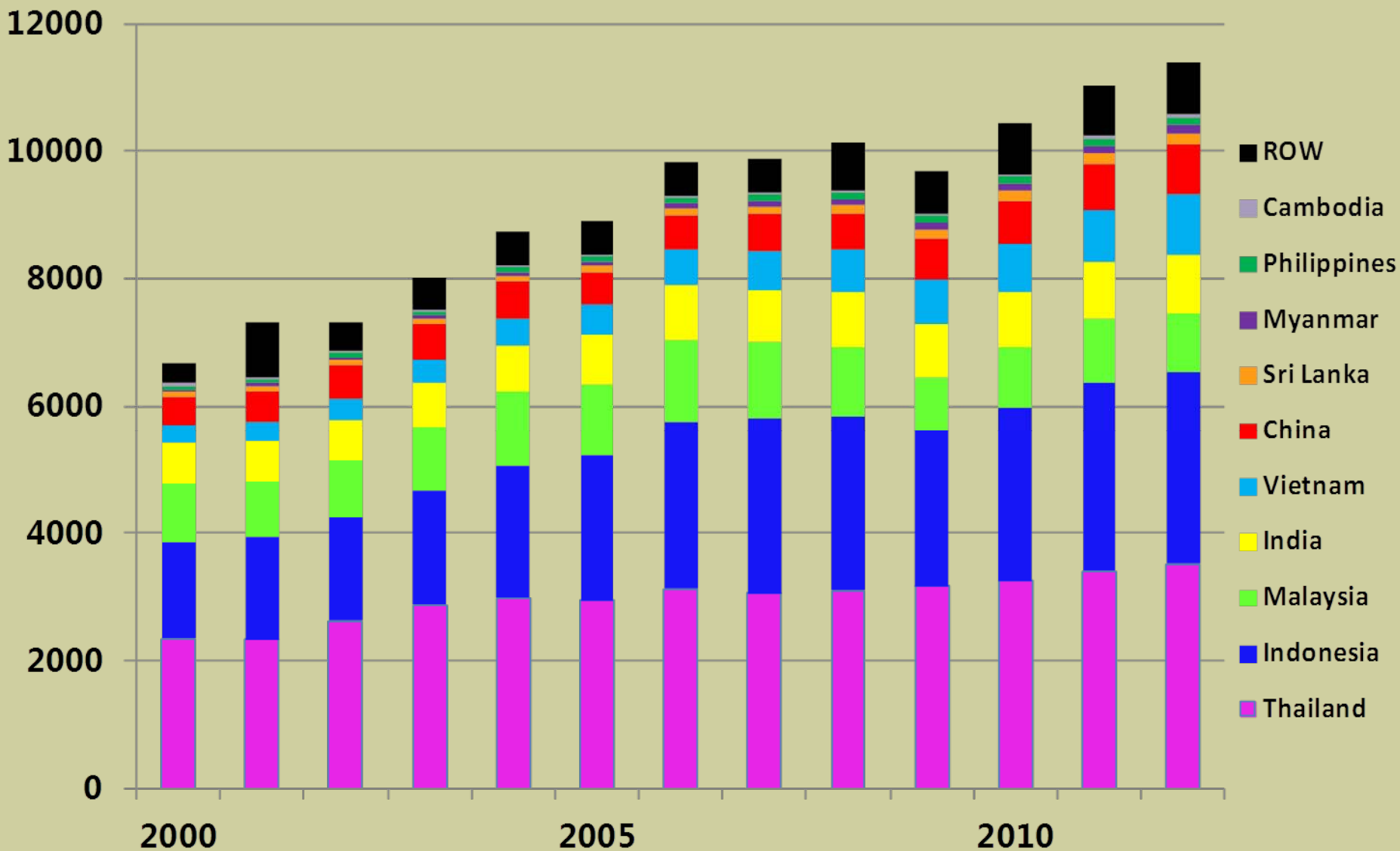


# Themes

- ◆ **Natural Rubber production**
- ◆ **Natural Rubber consumption**
- ◆ **Opportunity cost**
- ◆ **Way forward**
- ◆ **IRSG role in solution provision**

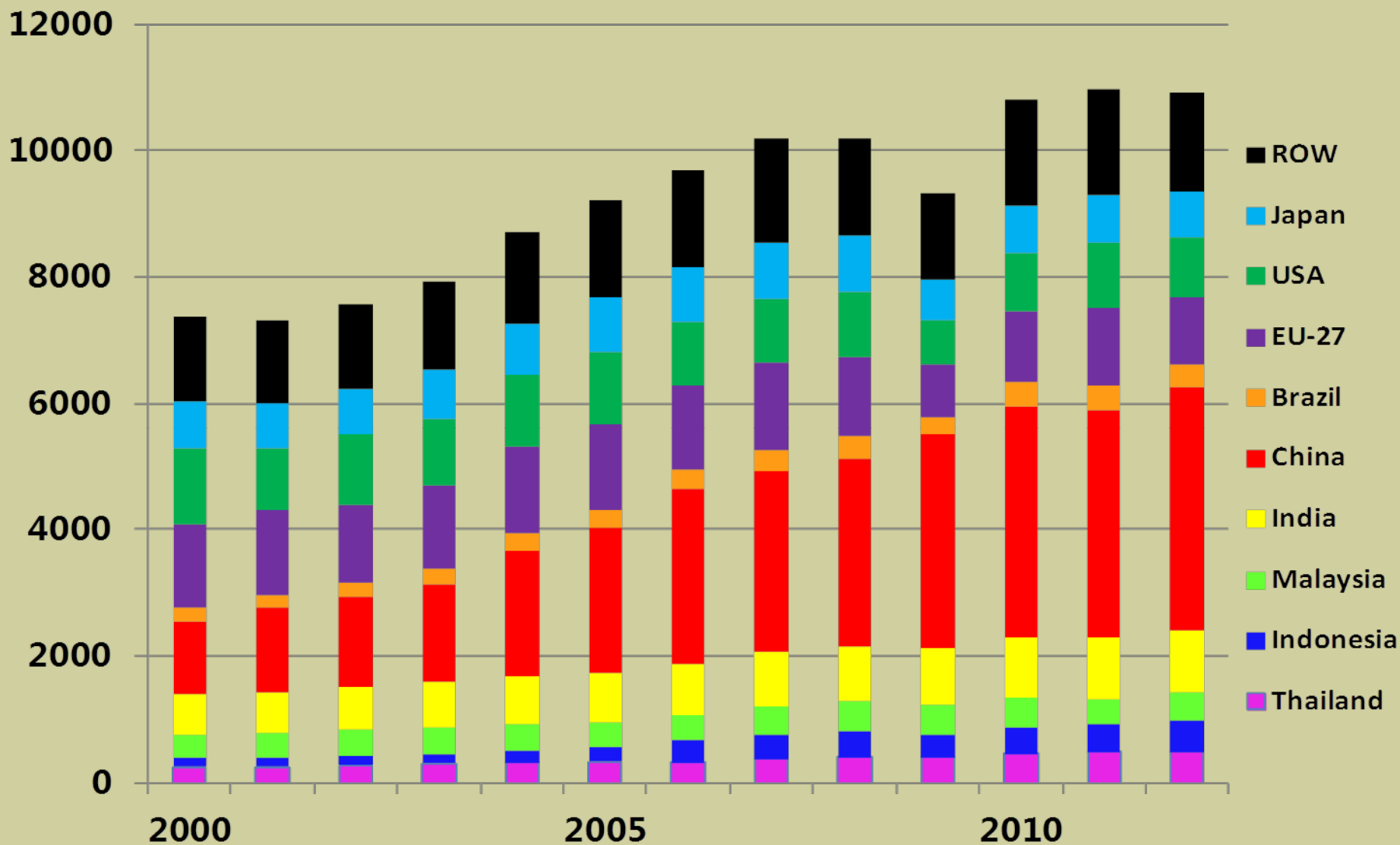


# Global Natural Rubber Production, (KT)





# Global Natural Rubber Consumption, (KT)



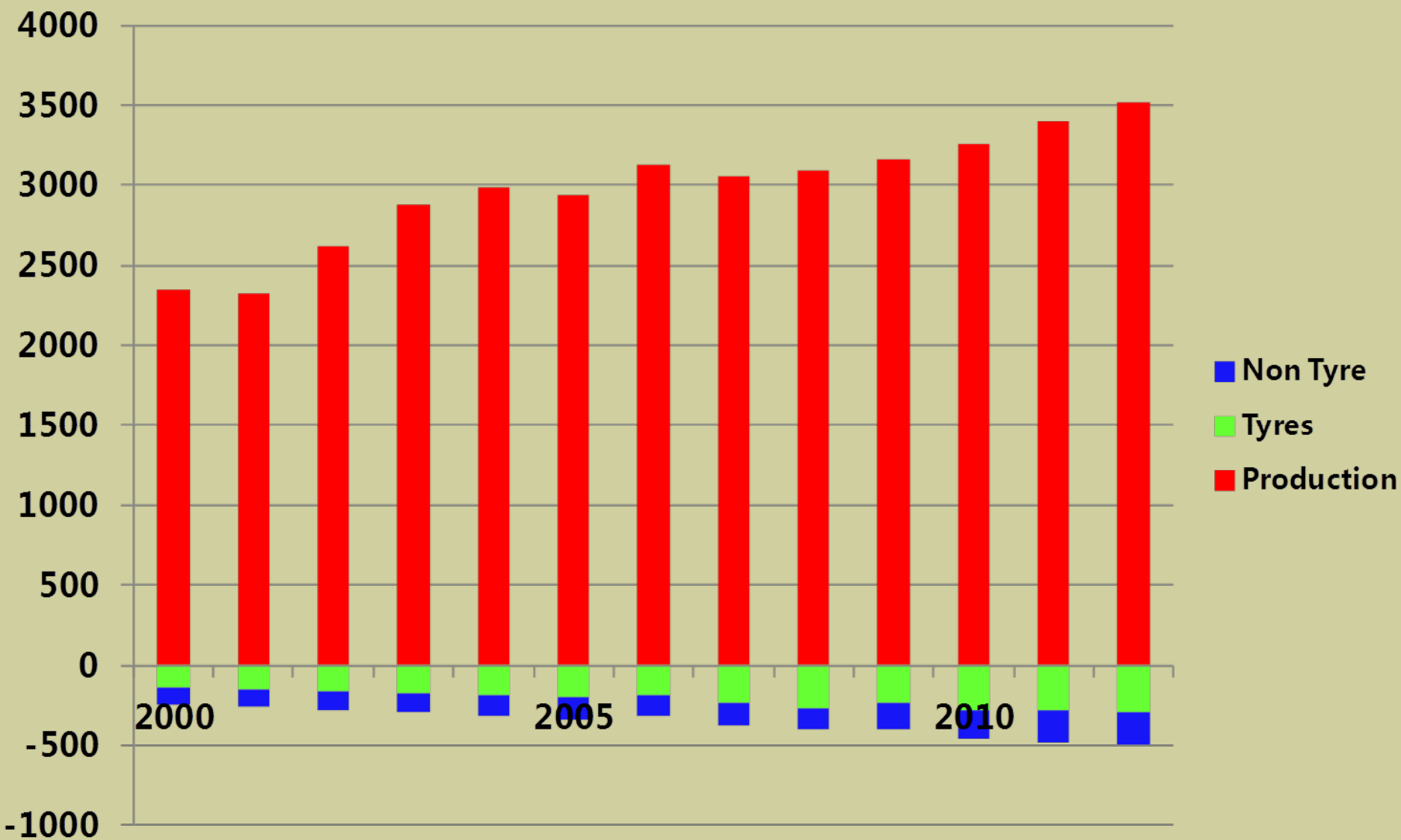


# Observations

- ◆ **Natural Rubber producing countries consume a relatively small amount of their precious resource.**
  - - dependent on large volumes of **exports**
  - - leaves the producers at the mercy of the global **commodity markets**
  - - magnifies the **boom-bust pricing** cycles
  - - wedge driven between few players in a **simple value chain**
  - - a wasted opportunity and **strategically flawed** as export generation rather than inward investment and industrialisation is the main driver.
- ◆ **Natural Rubber consuming countries produce a relatively small amount of natural rubber.**
  - - dependent on large volumes of **imports**
  - - leaves the consumers at the mercy of the global **commodity markets**
  - - magnifies the **boom-bust pricing** cycles
  - - wedge driven between few players in a **simple value chain**
  - - a wasted opportunity and **strategically flawed**

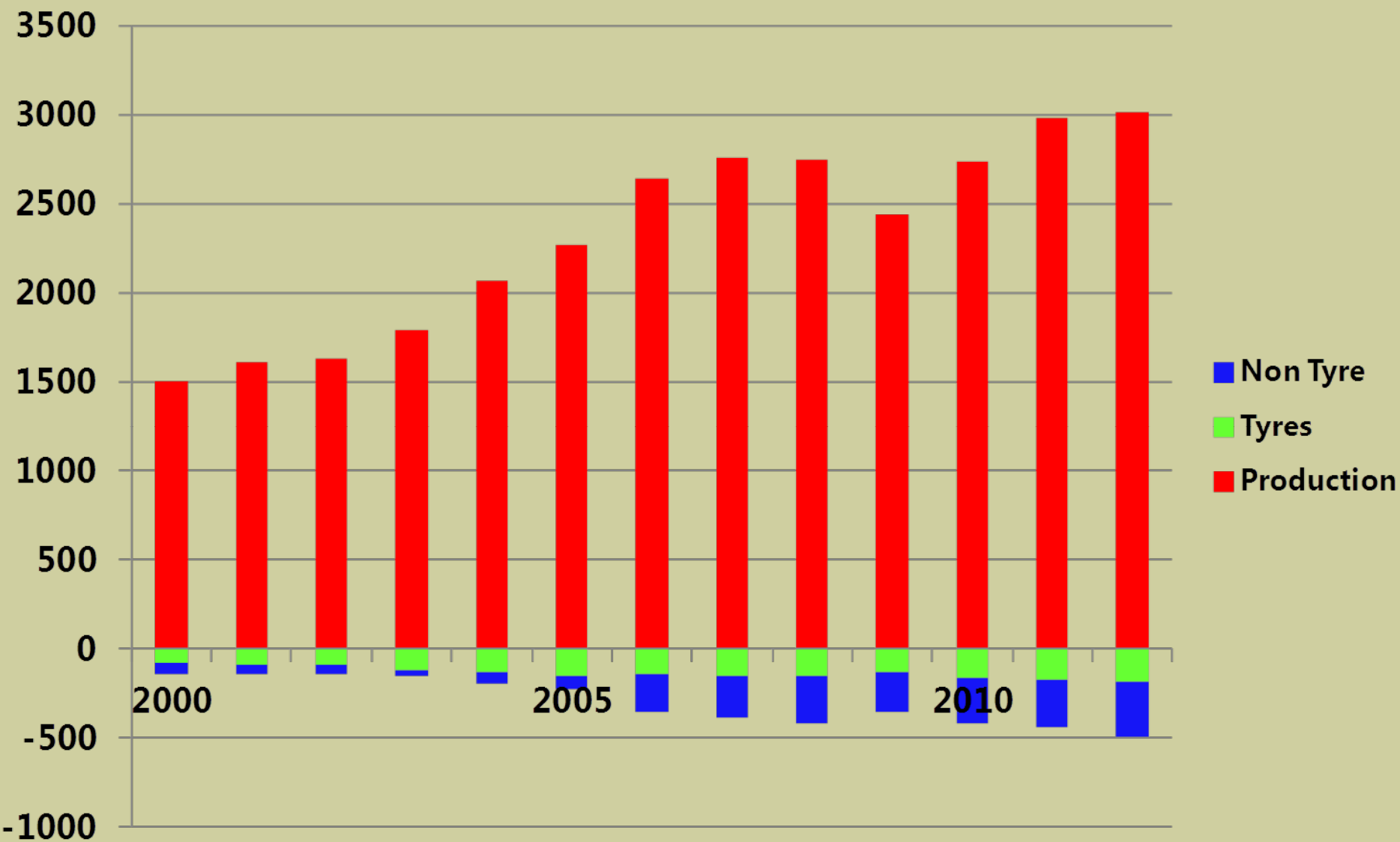


# Thailand Natural Rubber Balance, (KT)



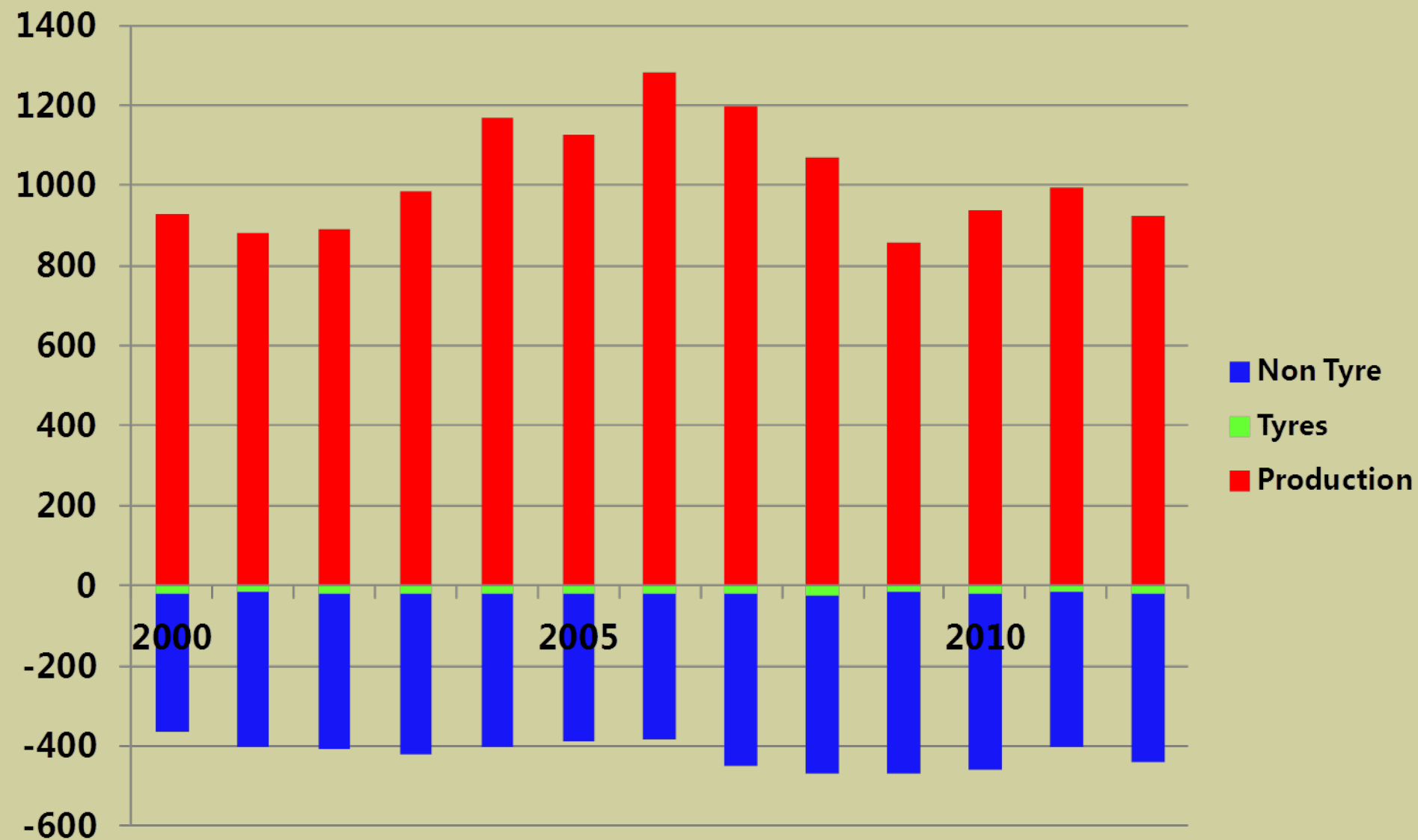


# Indonesia Natural Rubber Balance, (KT)





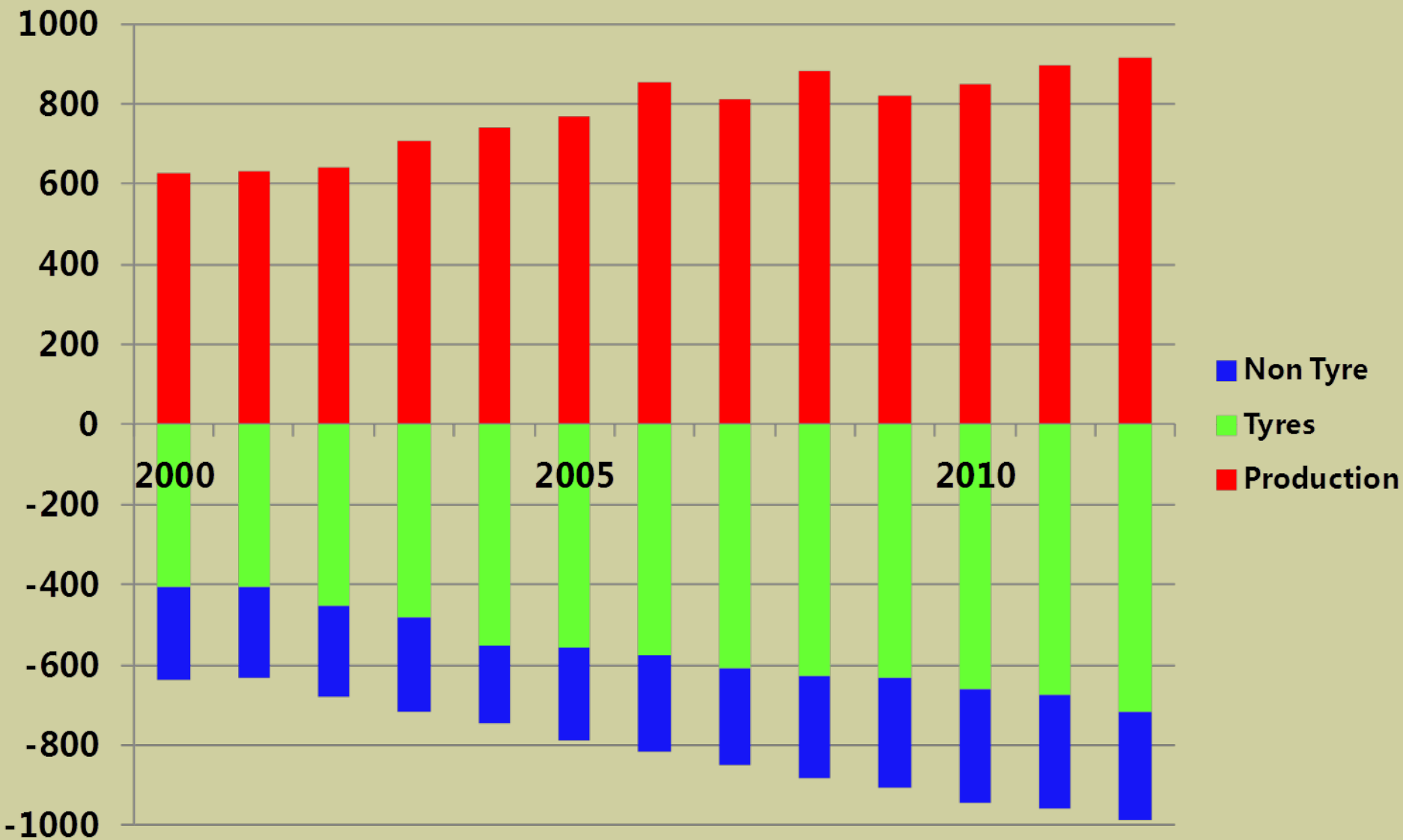
# Malaysia Natural Rubber Balance, (KT)





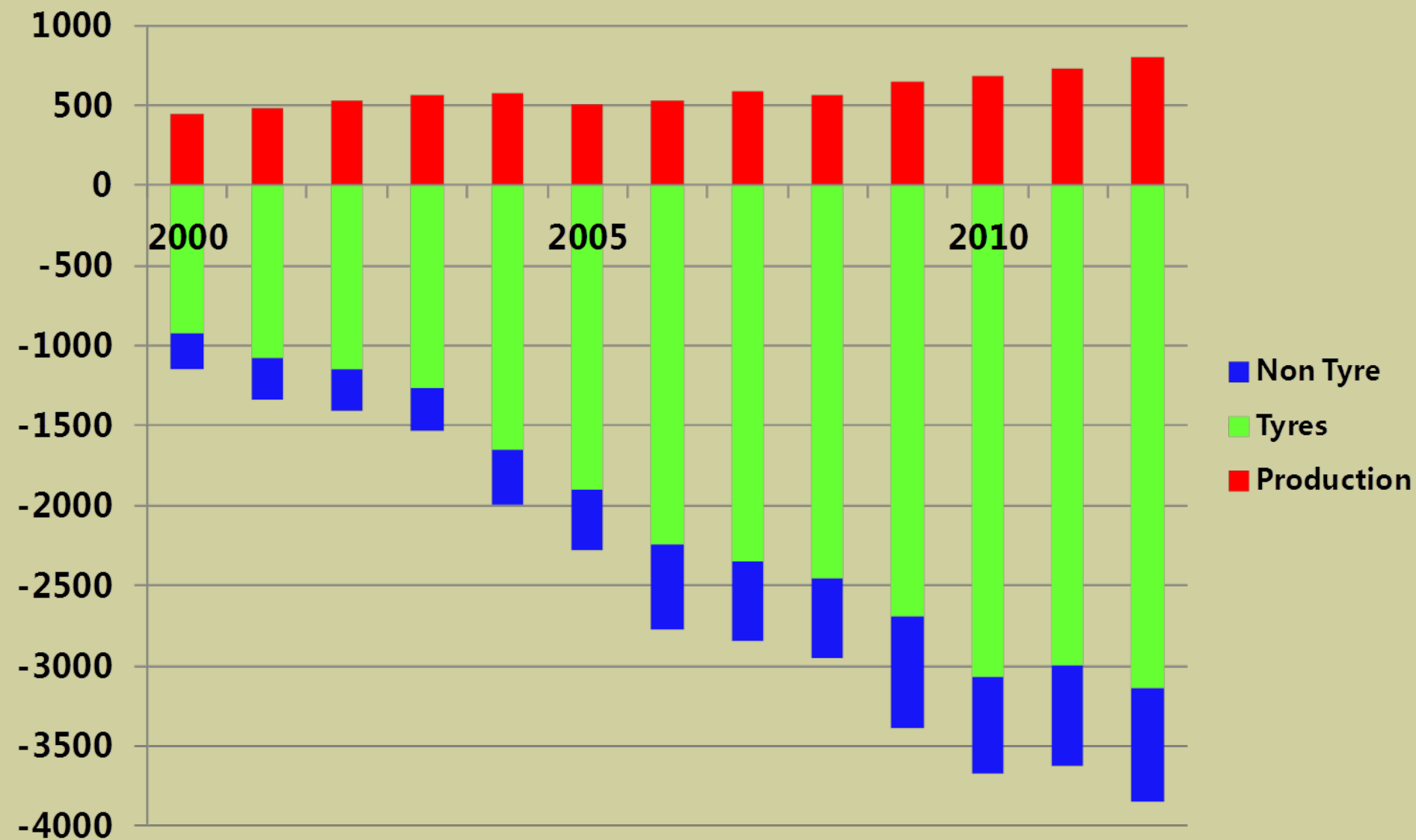


# India Natural Rubber Balance, (KT)



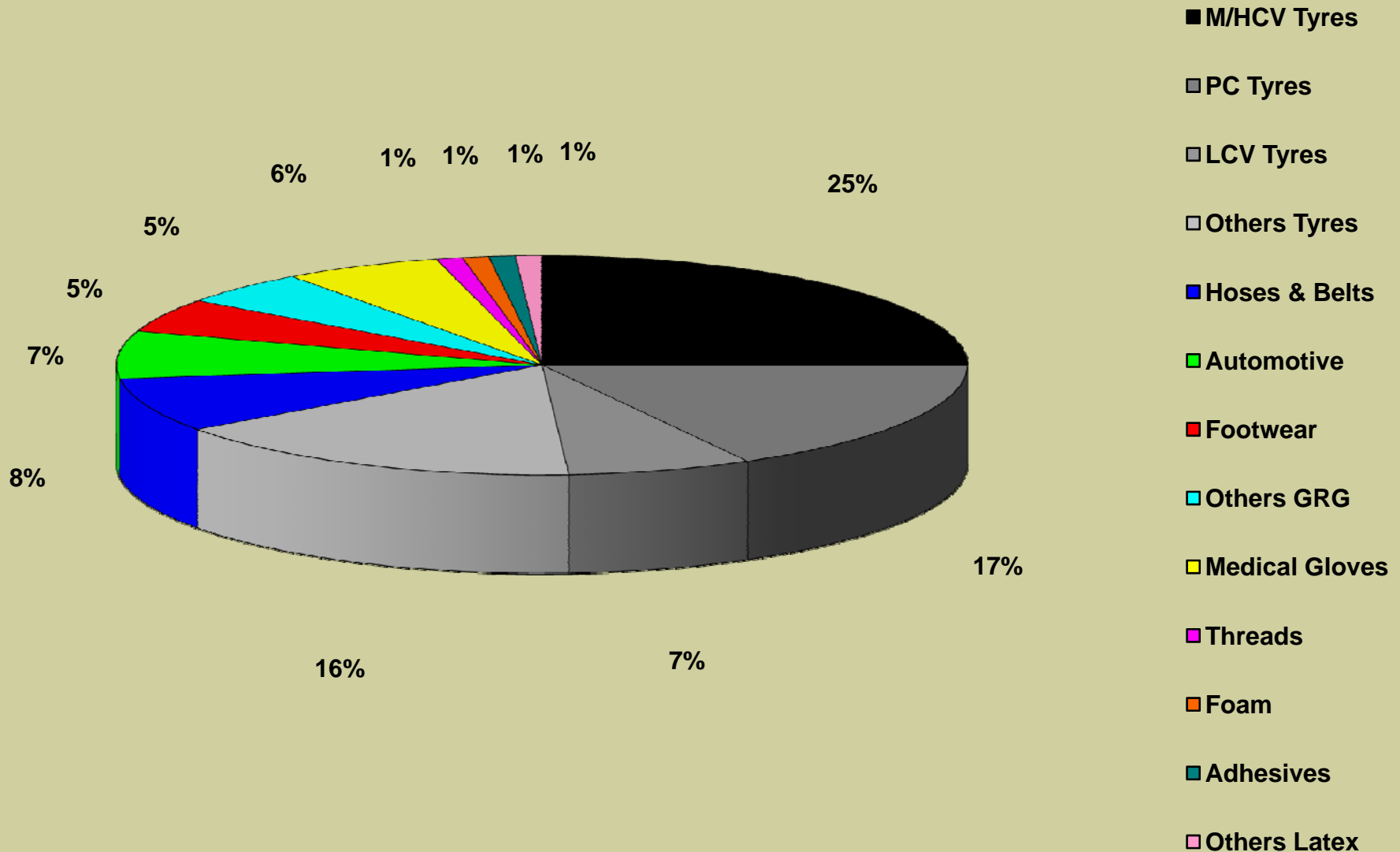


# China Natural Rubber Balance, (KT)



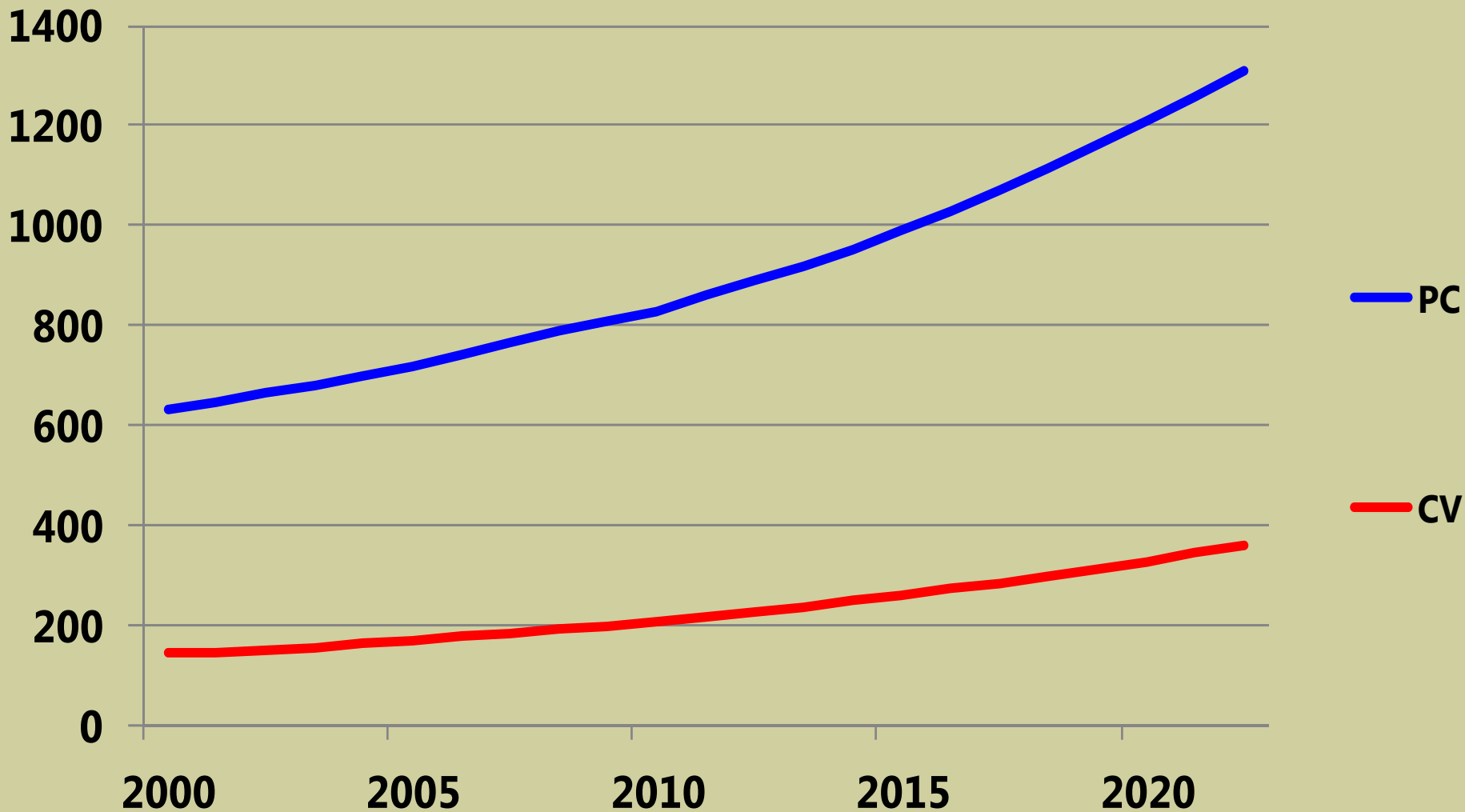


# NR Downstream Industry Applications





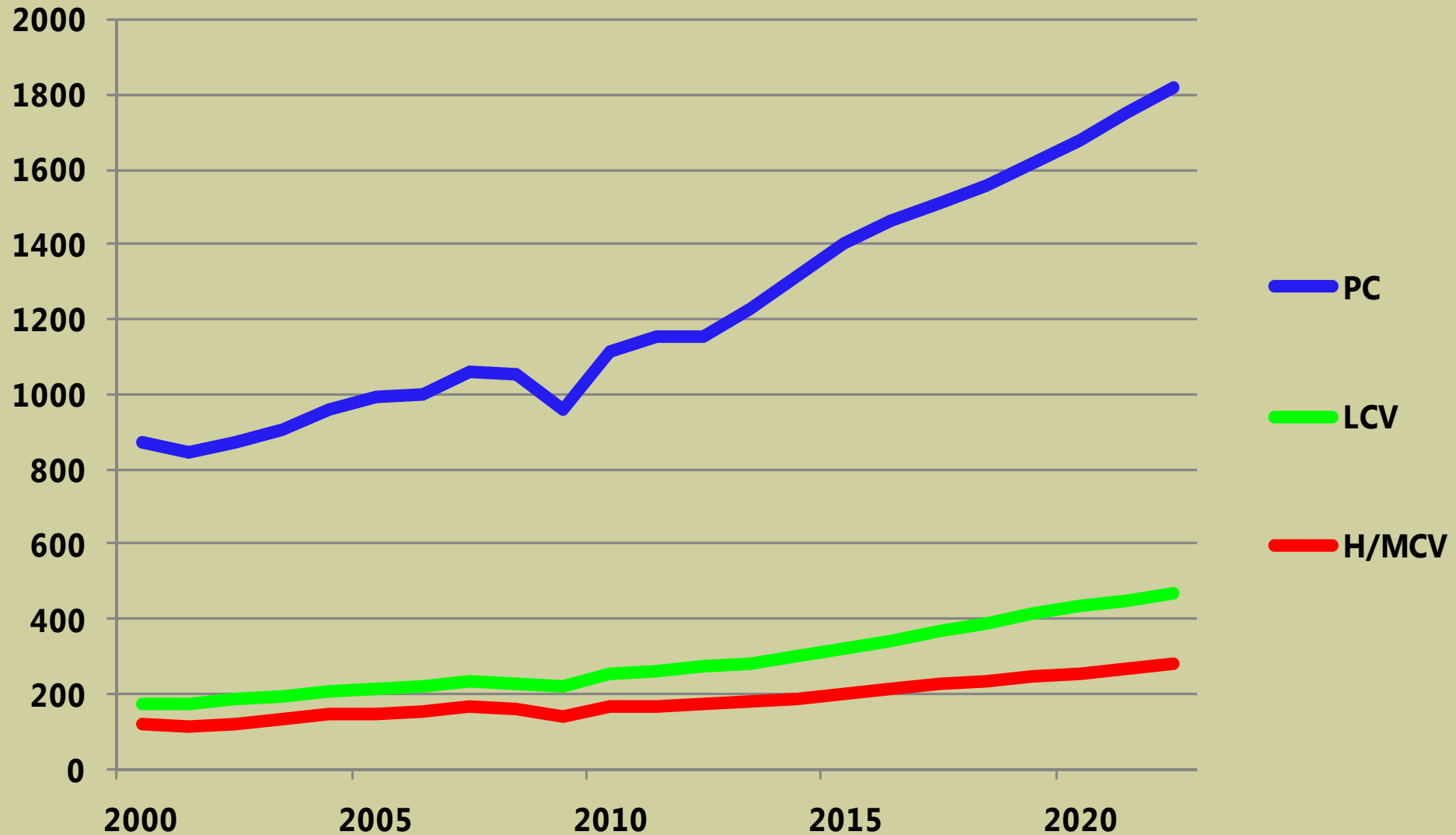
# Global Vehicles in Use to 2022, (Millions of Units) - IMF scenario





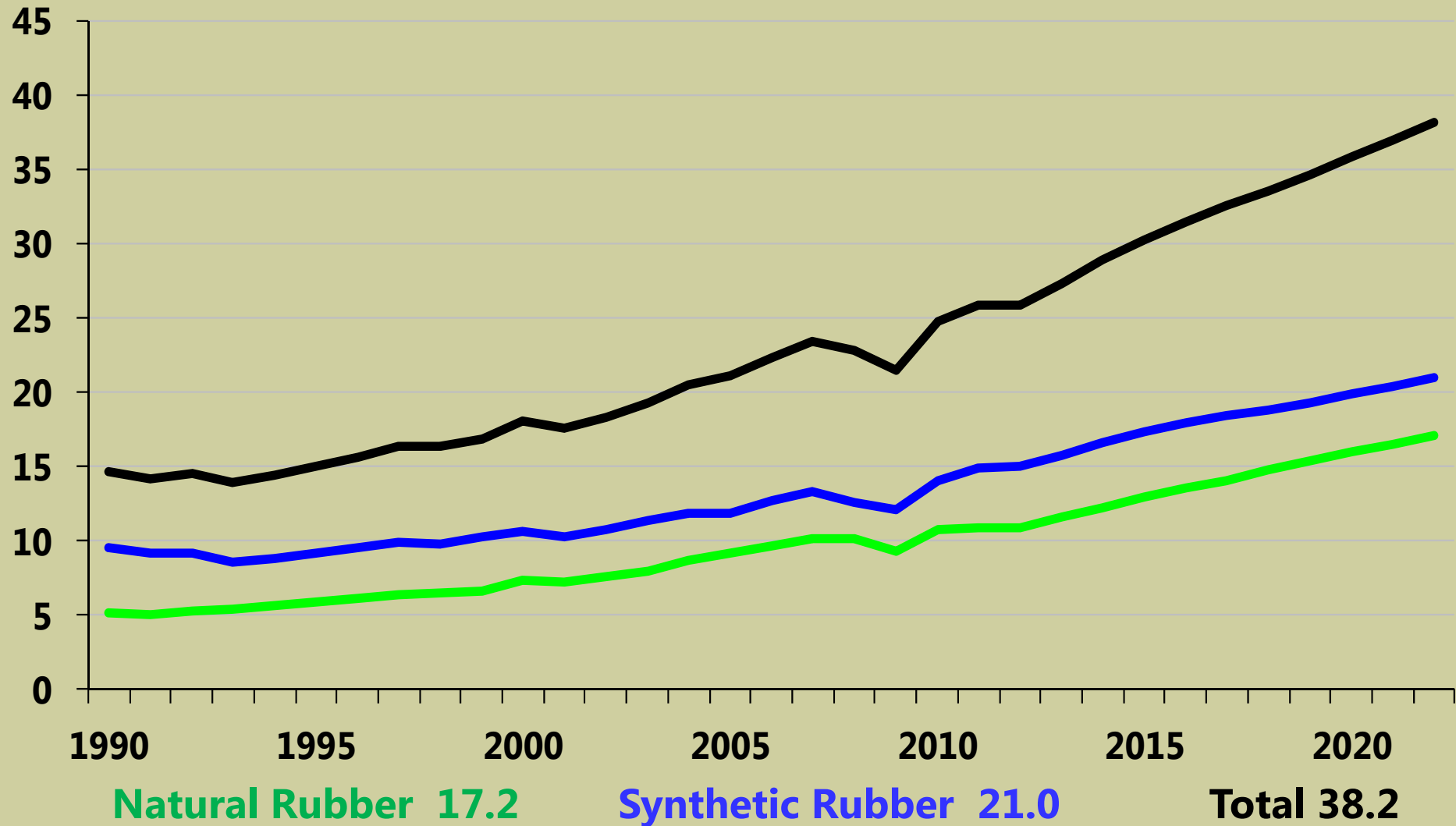
# Global Tyre Production to 2022, (Millions of Units)

– IMF scenario





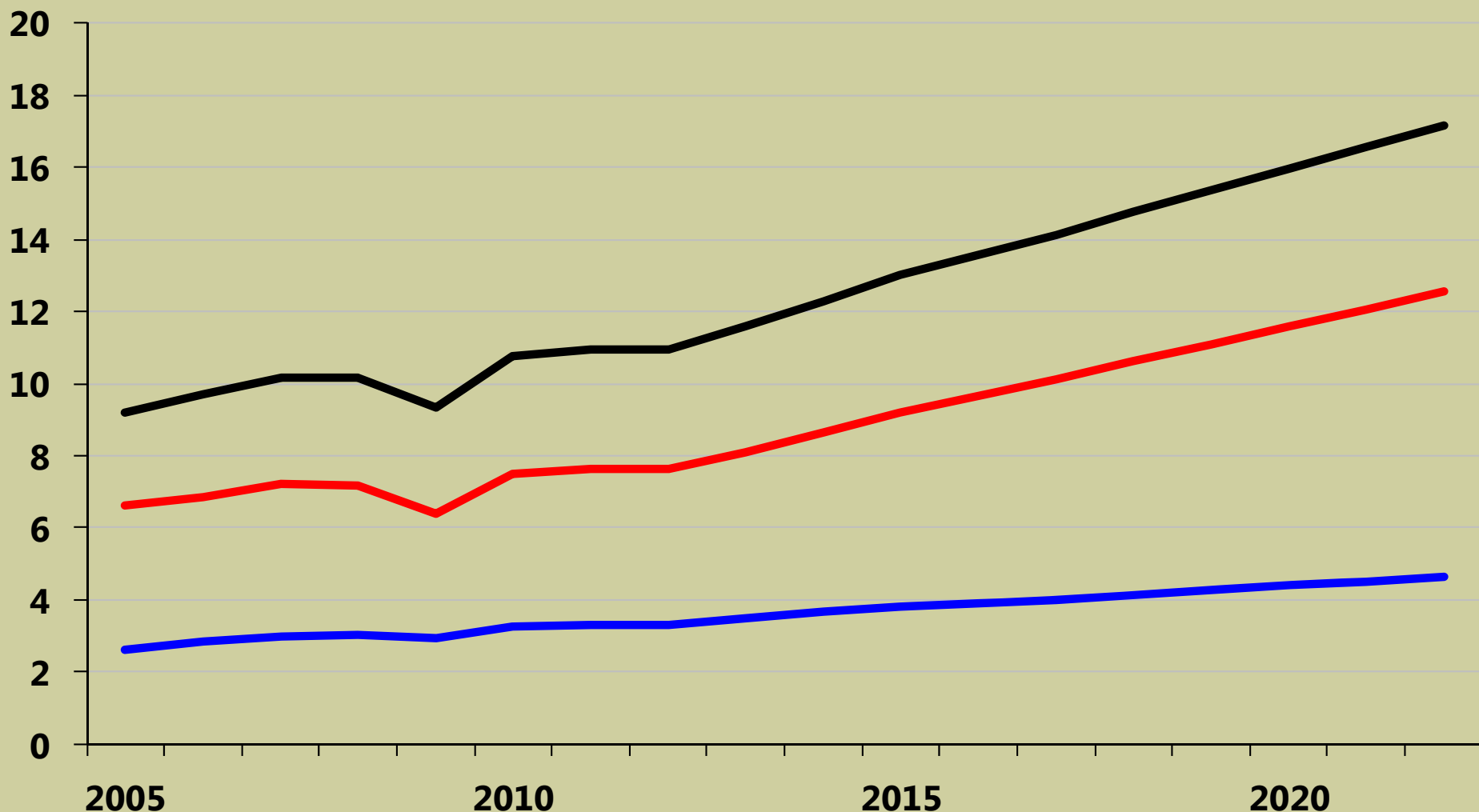
# Global Rubber Consumption to 2022, (Millions of MT) – IMF scenario





# Global Natural Rubber Consumption 2022

(Millions of MT) – IMF scenario



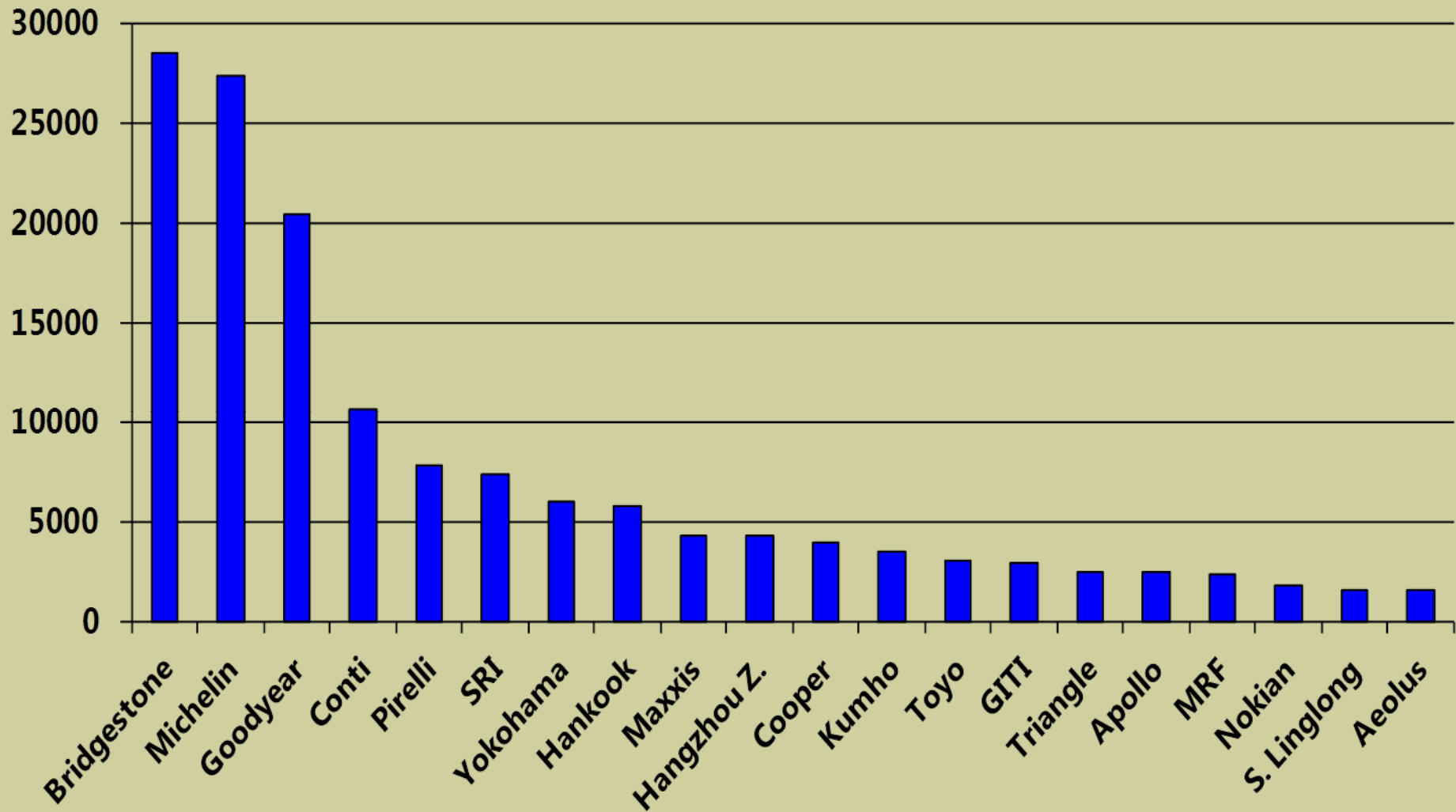
**Tyres 12.5**

**General Rubber Goods 4.6**

**Total 17.2**



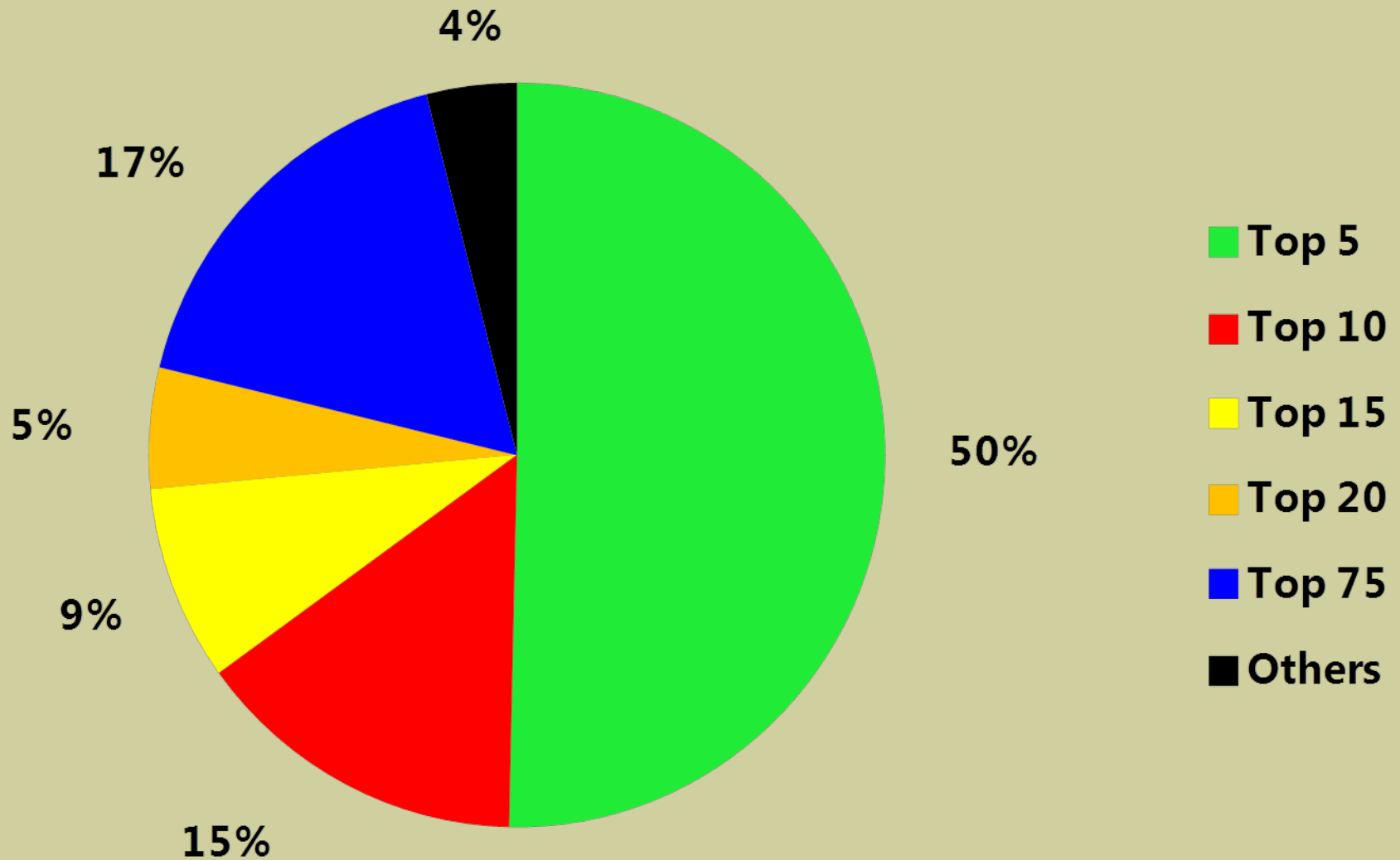
# Tyre Company Sales 2011 (USD million)





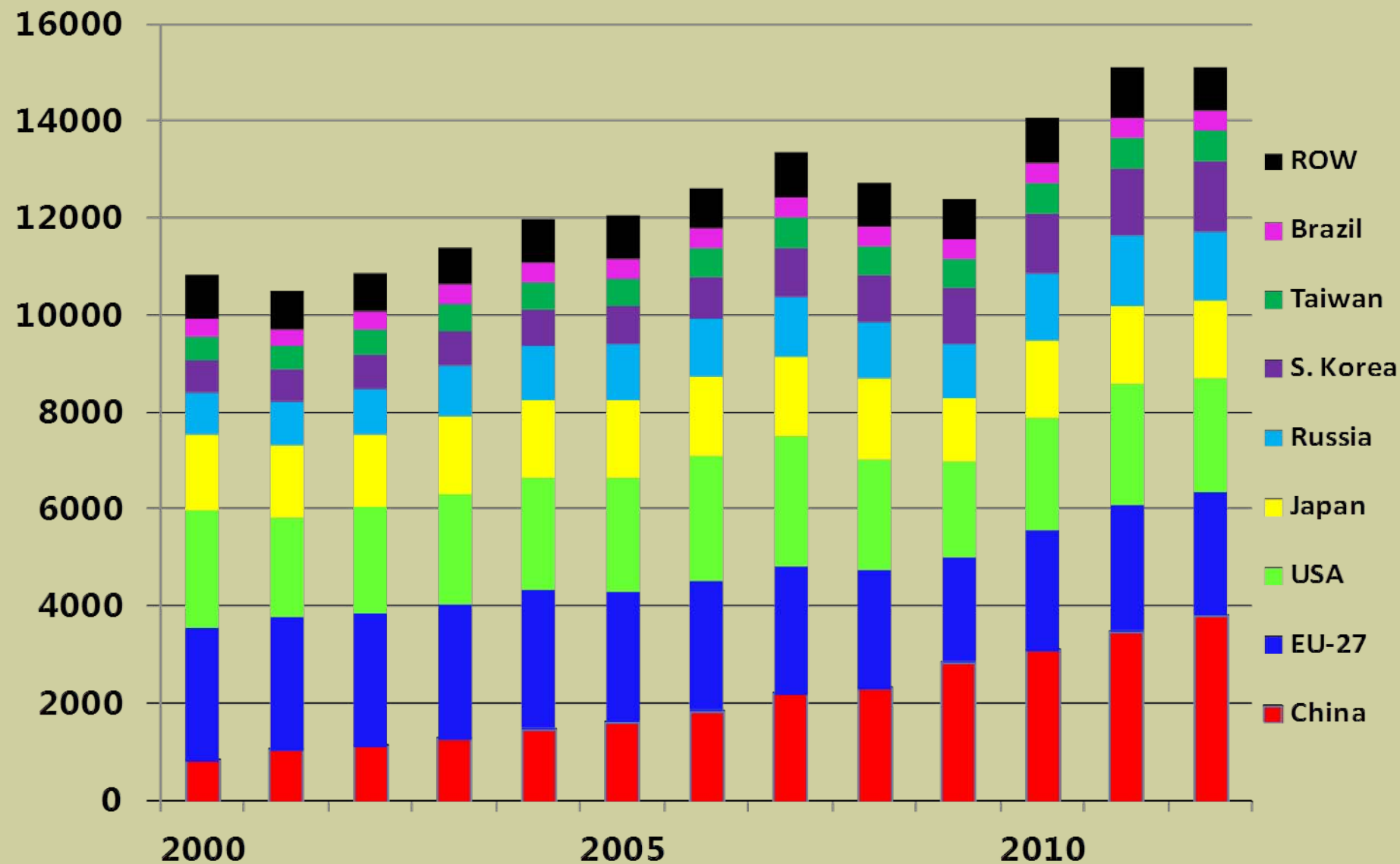


# Tyre Company Sales 2011 (USD188 billion)



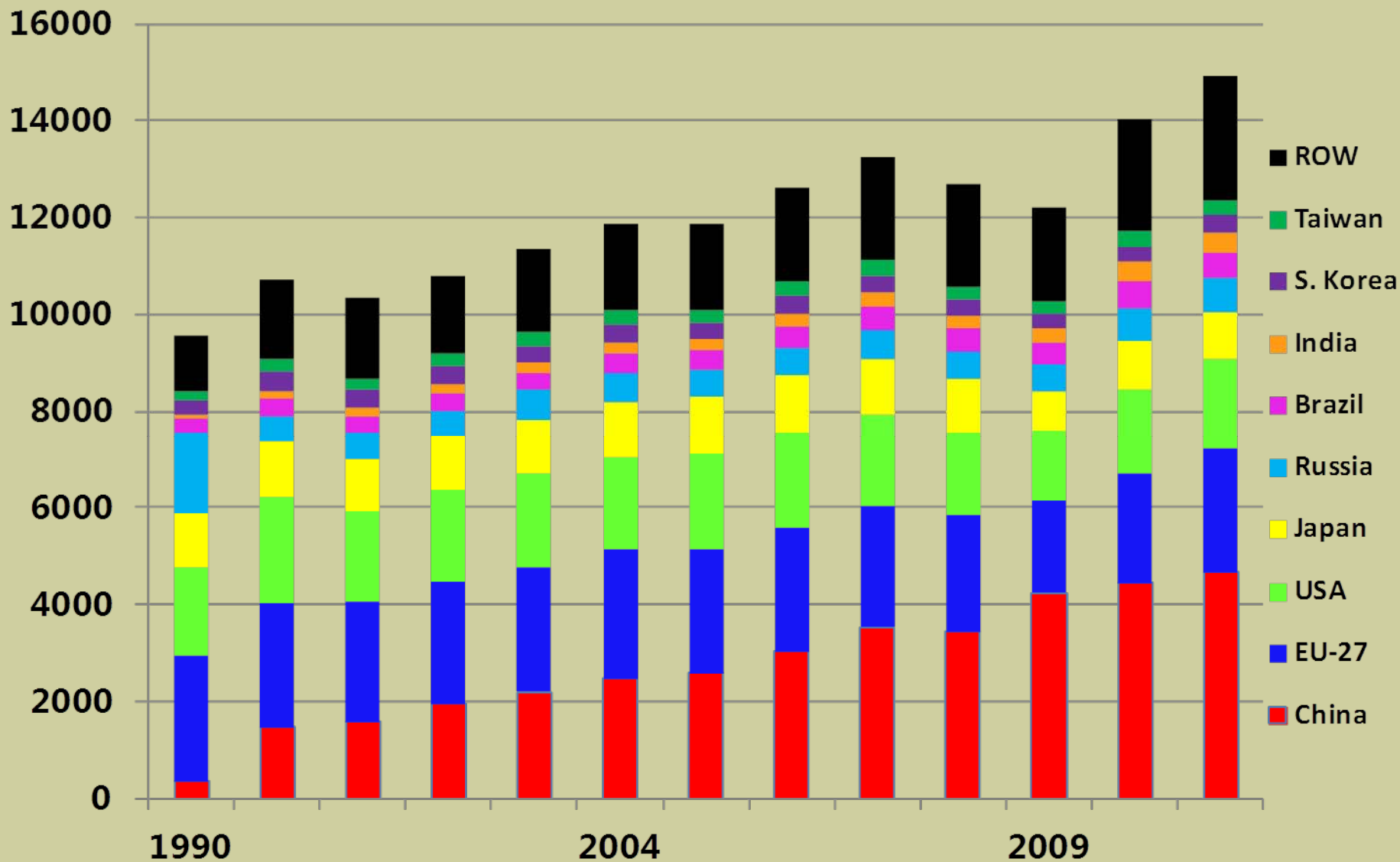


# Global Synthetic Rubber Production (KT)





# Global Synthetic Rubber Consumption (KT)





# International Rubber Study Group

- ◆ **Who are we?**
- ◆ Established in **1944** as an inter-governmental organisation, headquartered in London, UK
- ◆ As of July 2008, the Group has been based in **Singapore.**
- ◆ IRSG is the **forum for discussion** of matters affecting the supply and demand for natural as well as synthetic rubber.
- ◆ Authoritative source of statistical **data and analysis** for all aspects of the rubber industry.
- ◆ IRSG has **120 industry members** as Associates



# IRSG's Role in International Rubber Industry

## *Role as a **Tunnel Builder**:*

- ◆ The only international organisation that brings together **all stakeholders** in the global rubber industry, Producers, Consumers, Traders and Financiers in a single forum
- ◆ New commitment that IRSG as a **neutral and comprehensive** forum for international co-operation beyond statistics and forecasts.
- ◆ Already has strong relationships with IISRP, ANRPC and IRRDB (hence RRI's) and industry members.
- ◆ IRSG should act as a **facilitator** based on its inherent neutrality, bringing all sides of the industry together in a **win-win** environment to help develop industry solutions.



# IRSG's Role in International Rubber Industry

## *Role as facilitator with projects focused on upstream, midstream and downstream:*

- ◆ **Smallholder** development and productivity - technology transfer
- ◆ **Sustainable** rubber/ Green Rubber
- ◆ Long term impact of **Climate Change** on natural rubber production
- ◆ Natural rubber **planting policies**
- ◆ **Reclaim** rubber/**Recycled** rubber
- ◆ Future **Butadiene** supply and its impact on synthetic rubber supply
- ◆ New **tyre legislation** and the impact on rubber demand
- ◆ Impact of **re-treading** of tyres in emerging markets
- ◆ IRSG-**IISRP** joint project of synthetic rubber growth
- ◆ IRSG-**CFC** funded projects focussed on smallholder development



## Conclusions

- ◆ **Opportunities need to be created to encourage an environment for inward investment leading to the consumption of more natural rubber at its point of production.**
- ◆ **Producing countries should create a centrally co-ordinated forum to discuss and review what is in the interest of the country as a whole and development of strategic industries.**
- ◆ **All stakeholders need to identify and commit to working together on generic projects such as sustainability in order to build trust and transparency between the limited number of key stakeholders in the relatively simple value chain.**
- ◆ **The game will only change for the better if the producer governments and the small number of consuming industry leaders can work together to define a strategic win-win environment to support rubber cultivation going forward.**



# International Rubber Study Group



**Thank You for Your Attention**