



## Ministry of Agriculture and Cooperatives moves forward with 5 strategies to win the world champion in "Para rubber"

Mr. Alongkorn Ponlaboot, Advisor to Minister of Agriculture and Cooperatives revealed that the Ministry is now moving forward with 5 strategies driven by its allies; the Agritech and Innovation Center (AIC) and the Federation of Thai Industries, to win a 50-billion-baht-worth latex market. This will increase farmer's income as well as advance Rubber Authority of Thailand (RAOT) to be a world-class organization.

MOAC has implemented a management policy for rubber which is one of the country's important agricultural commodities having 1.83 million rubber farmers and covering plantation area of 24.76 million rai. RAOT, a state enterprise, plays a crucial role in driving and implementing policies both for overcoming the current challenges or promoting rubber marketing campaigns. It is done through a connectivity between buyers and sellers consisting of 8 RAOT central rubber markets, online marketplaces and local rubber marketplaces. RAOT also helps rubber farmers during their transition to sustainable development and mitigate the impact of the Covid-19 crisis through the rubber farmer income insurance program, new mechanisms and strategies to maintain price stability and increase their income which will subsequently boost the country's competitiveness in the long run.

### Marketing Transformation for Thai Rubber

Pertaining to market driven supply-side strategy and its agricultural model called "MOAC supplies while MOC marketing", overseas-based Agricultural Ministers and the Office of Agricultural Affairs such as China, Japan, Indonesia, the United States, the European Union (EU) together with Commercial Ministers, Ministry of Commerce join forces for Thai rubber marketing promotion in key trading partner countries. Monitoring and reporting on the import and export situation of Thai rubber products and competitive trade environment as well as analysis of problems, obstacles, and recommendations on trade and investment opportunities will be practice on a regular basis.



This is considered as a new regime of the rubber marketing strategy which RAOT will be acting as a mechanism driving the development of Thai Rubber among existing and emerging international rubber markets with the aim of increasing market share and expanding the export of all kinds of rubber products.





Rubber Valley Project is another initiative created for suitability and development of the rubber industry in Nakhon Si Thammarat Province in order to support Southern Economic Corridor. This project leads to a comprehensive and integrated rubber industry adding value into upstream, midstream and downstream activities.

COVID-19 crisis is a challenging opportunity for Thailand has capability especially in latex production. Mr. Alonkorn Ponlaboot stated that in 2020, Thailand was the world highest ranking in rubber production, about 4.4 million tons or 38.2%, followed by Indonesia, Vietnam, China, Malaysia and India. Furthermore, Thailand is currently ranking number 1 for exporting intermediate rubber products, especially concentrated latex and smoked rubber sheets.

### Rubber Export Trends



Exports are likely to grow by 5.0 - 8.0% per year in line with the growth of the rubber gloves and medical rubber products industry. The key market remains Malaysia, which is a major importer of Thai latex and is the world's largest manufacturer of latex gloves. Meanwhile, concentrated latex producers still have the opportunity to continue to grow in line with the international demand of downstream industries such as rubber gloves, medical rubber products and condoms. In addition, the production of concentrated latex in the world market is still low because most of the production processes still focus on producing only cup lumps-STR; therefore, lowering the high intensity of competitive rivalry in the export of concentrated latex.

### Strengths and Opportunities of Thai Latex

🦋 The production of field latex accounts for 92% of the total rubber production, which can be used as raw materials for all types of intermediate rubber products. Unlike Malaysia and Indonesia, which mainly produce cup lumps, the main focus is on block rubber production.

🦋 The potential of Thai latex ranking number 1 in the world. Thailand's concentrated latex industry has a market value of approximately 50 billion baht in 2020 (total value of exports and domestic use), with exports accounting for 75.9%, and Thailand has a market share in the world of global concentrated latex trade by volume of almost 70%.





There is market concentration, but global market awaiting. Thailand's main export markets are close to home, ASEAN and East Asia. Malaysia accounts for half of all latex exports, followed by China (33.5%) and South Korea (1.8%). In another perspective, the presence of traditional markets concentrated in the three countries means there are still new markets in more than 100 countries waiting to reach.

COVID-19: from crisis to opportunity. Demand for latex is rising from the rubber glove and condom industry. The Malaysian Rubber Glove Manufacturers Association (MARGMA) forecasts and increased global demand for rubber gloves to 662 billion by 2023, or average growth (CAGR) 23.1% per year during 2021-2023

Advancing to Thai rubber improvement and the rubber prices stability as well as to the country's capacity towards a sustainable future, a blueprint of guidelines and strategies with new perspectives and mechanisms to upgrade from the existing potentiality are as follows:

#### Six Guidelines towards New Potential for Latex Sector

- Production and product development.
- Farmers and farmer institutions advancement.
- ROAT as Global Player.
- Fair Trade and contract farming principles implementation for price stability.
- Midstream and downstream industries promotion.
- Strategic partnerships with CLMV AEC RCEP.

#### Seven strategies for Thai rubber

- Standards elevation of GAP FSC GMP.
- Income insurance for rubber farmers and a new mechanism introduction such as online auction system and the futures exchange market.
- Research and development by AIC and RAOT for innovative technology bringing standardized, high productivity and high value products.
- ROAT and Thai entrepreneur advancement to Global Players.
- Community enterprises advancement to SMEs.
- Proactive promotion of the latex industry in both the government, private and farmer institutional sectors such as the Rubber Valley, Rubber City, SEC, EEC project
- Network of bilateral and multilateral cooperation between the four mainstays, namely the government, the private sector, the farmer sector and the academic sector.





*“We are creating a change in the direction of investment in the processing industry to add value to new products in response to marketing in the era of COVID-19 instead of exporting concentrated latex to generate more income throughout the supply chain, especially 1.83 million rubber farmers and continuous industries on the basis of being the number 1 rubber exporting country in the world”*

(compiled from a keynote speech by Mr. Alongkorn Ponlaboot, Advisor to the Minister of Agriculture and Cooperatives as Chairman of the Committee to monitor and propose measures to rubber price problems and stabilize rubber prices at the seminar “2<sup>nd</sup> Good quality latex creates happiness” on Friday, October 8, 2021).

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