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RUBBER-COOPERATION

MALAYSIA, THAILAND TO SIGN MOU ON NATURAL RUBBER AT END AUGUST

KUALA LUMPUR, July 20 (Bernama) -- Malaysia will sign a memorandum of understanding (MOU) with Thailand on cooperation in the marketing of natural rubber at the end of August, said Minister of Primary Industries Datuk Seri Dr Lim Keng Yaik.

"It will be signed once I come back from a visit to China with the Prime Minister, Datuk Seri Dr Mahathir Mohamad," he told reporters after closing the one-day Smallholders Sector Conference here today.

The MOU is on a long-term cooperation in marketing to get better prices and includes the building up of stocks and managing it in terms of what types of rubber to buy, how much to buy, what to sell and how much to sell, said Lim.

"We must coordinate on what to buy and how much to buy in building up stocks and then what to sell and how much to sell," he said, adding that "the rubber stock cannot be kept indefinitely because we are a poor country".

"Malaysia alone cannot influence the price at international level because we are only the third biggest natural rubber producer after Thailand and Indonesia," he said, explaining the need for cooperation.

However, Lim does not expect cooperation from Indonesia regarding the marketing strategy because it still gets more in value in terms of the rupiah although prices had weakened in terms of the US dollar.

"I don't see Indonesia joining this cooperative effort. We had made inquiries with them (Indonesian) about working together but the response had not been positive," he said.

Lim also discounted the possibility of cooperating with the International Rubber Organisation (INRO) in getting better prices.

He said Malaysia will leave INRO in October and thus, will not cooperate in building up stocks that are managed by INRO as there is no reason to help an organisation that is about to be dissolved.

On the penalty for leaving INRO, he said "we will have to pay when it is dissolved".

On the government's special purchase scheme for rubber, Lim said the scheme is not a subsidy and was introduced about two months ago following reports that there were no buyers for rubber produced by smallholders, even when it carried a low price after discounts.

"That is why we started the special government purchasing scheme although many say it is a subsidy with election motives. It is not (for election purpose)," he asserted.

"It provides a guaranteed market for local smallholders at international prices. Because of the weak demand, there had been a lot of selling at a discount to the international market. They should get 70 sen but they only got 52 sen," he said.

Lim believes the current low rubber prices are the result of manipulation by tyre manufacturers.

"About 75 percent of the consumption of natural rubber is for tyre manufacture and this is controlled by five multinational companies," he said.

-- BERNAMA

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