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Asean-Rubber

DR M TO WITNESS SIGNING OF RUBBER PACT

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NUSA DUA (Bali), Oct 5 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad will witness the signing of a shareholders' agreement that will mark the launching of a rubber consortium aimed at stabilising the price of the commodity in the international market.

The agreement will be signed by the trade ministers from Indonesia and Thailand as well as Malaysia's Primary Industries Minister Datuk Seri Dr Lim Keng Yaik during the Ninth Asean Bali Summit on Monday.

The three countries -- the world's top three rubber producers -- have been trying since 2001 to set up the consortium called the "International Tripartite Rubber Company" in a bid to help boost sagging prices of the commodity, which at the time had plunged to a 30-year low.

It was only in August 2002 that the ministers of these three countries signed a memorandum of understanding in Bali for the setting up of the consortium.

Under the plan, the three countries will cut rubber output and exports to help stabilise the price of the commodity.

Thailand is the largest rubber producer and exporter, with an output of between two million and 2.4 million tonnes per year, about 90 per cent of which is exported.

The second largest is Indonesia with an annual output of between 1.4 million and 1.3 million tonnes, while Malaysia's production is around 600,000 tonnes.

The three countries will also have to contribute funds to the consortium, Jakarta Post reported.

According to an earlier report, Thailand will contribute around US\$25 million, Indonesia US\$18.75 million and Malaysia US\$12.50 million.

Problems in raising the funds were cited as one of the factors causing delays in the setting of the rubber consortium.

"It (the funding problem) has now been settled," the newspaper said.

Analysts say rubber prices in the international market have started to recover, thanks to the rising demand, particularly from China, the newspaper reported.

According to one estimate, world rubber consumption will grow by seven per cent this year from 17.63 million tonnes last year. Next year, rubber consumption is expected to grow by 5.5 per cent.

China is expected to import around 900,000 tonnes of natural rubber this year compared with about 400,000 tonnes last year.

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