“กฤษฎา”แถลงเปิดปมยางทำไมตกต่ำ? งัดสารพัดวิธีช่วยดันราคา

19 November 2018

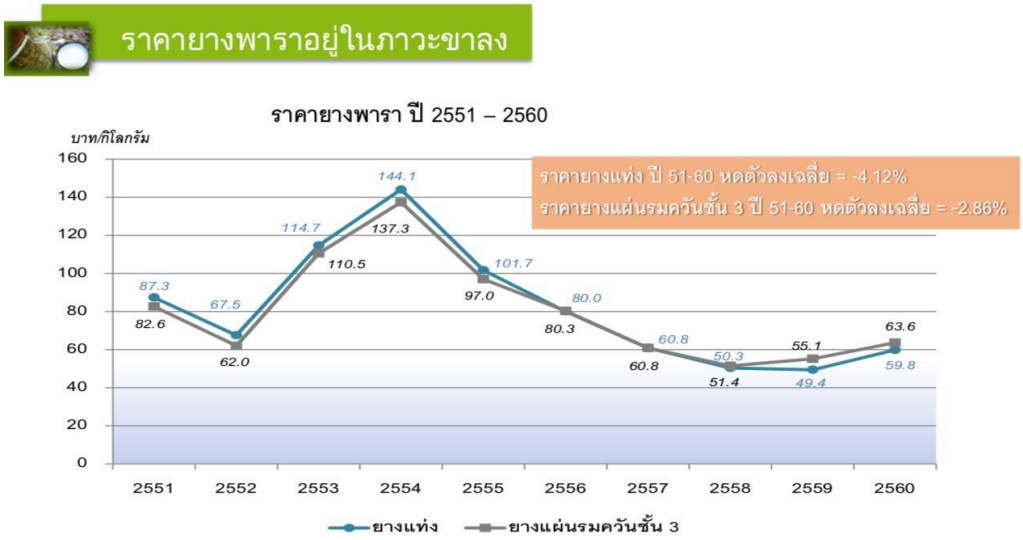
Krisada clarifies rubber price slump, struggle for remedial measures to push up price.

Mr. Krisada Boonrach, Minister of Agriculture and Cooperatives has unveiled to “Thansettakij Newspaper” concerning rubber price slump plagued by oversupply that he had urgently assigned relevant government agencies to disseminate accurate awareness and better understanding about realistic situation of rubber price declined in Thailand following package of government subsidy encouraging farmers to cultivate rubber plantation culminated over millions of rais since 2004 without mapping out proper agricultural production plan in accordance with market demand in those designated planting areas paving way for Thailand to become the world largest rubber producers in term of quantity and one of the world leading rubber exporter.

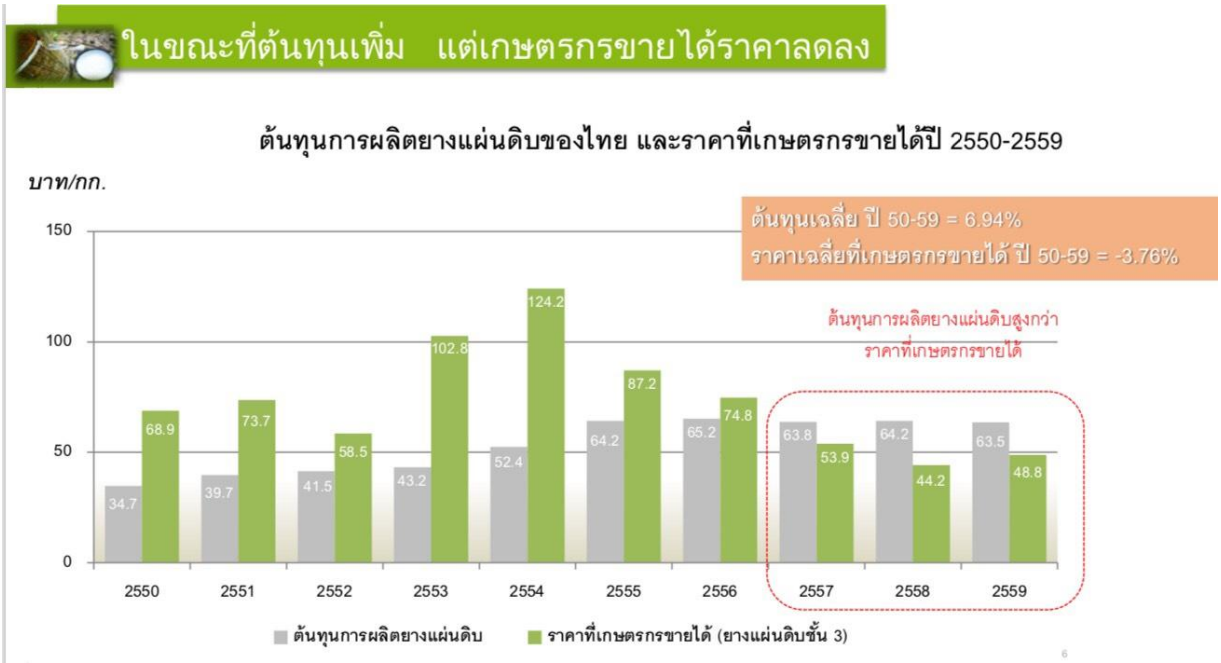
However, the price of rubber in Thailand and global rubber price continued to plummeted steadily inflicting severe hardship to rubber famers who already suffered from insufficient income. The rubber farmers therefore had appleaed to the government to heed their plights and provide them with several subsidy measures as often occurred in the past when rubber commodity encountered price slump. The Ministry of Agriculture and Cooperatives nonetheless has conducted feasibility study on rubber price crisis and remedial measures based on realistic analysis and factual field data collection nationwide and also information acquired from International Rubber Study Group (IRSG) and intergovernmental agencies and leading research and development institution. We are able to find out the fact which concluded as follow:

1. Thailand has the largest rubber tapping areas among rubber producing countries namely Indonesia, Malaysia, China Vietnam and India. Thailand had total accumulation of rubber tapping areas worth over 20.32 million rais in 2017 propelling Thailand to become the largest rubber productivity yielded in the world with 4.5 million tonnages compared with

natural rubber produced by 6 leading rubber exporting countries. Thailand is the world's biggest producer and exporter of rubber, making 4.5 million tonnes a year and 37% of global production.



2. Currently, rubber price is experiencing downward decline especially Standard Thai Rubber recorded in 2008-2017 has average shrinkage of 4.12 % while Smoked Rubber Sheet 3 grade recorded in 2008-2017 has experienced average shrinkage of 2.86%.
3. The cost of producing raw rubber sheet in Thailand recorded in 2007-2016 has experienced steady growth year on year without any sign of price eroding. Currently, the cost of production is climbing up to 6.94%.



4. Meanwhile, Thailand instead has faced with rising cost of production prompting rubber farmers receiving inferior price. The cost of production for Thai's raw rubber sheet recorded in 2007-2016 is registered at 6.49% while the average price rubber farmer sold their rubber in 2007-2016 is worth merely 3.76% resulting in a deficit or losses unlike during the year 2014-2016 the cost of raw rubber sheet was higher than the rubber price determined by the rubber farmer.

5. The rubber price situation compared with total yield nationwide recorded since 1997 up until now, demonstrated that average quantity yielded recorded domestically tend to surge steadily year on year as currently the yielded is registered at 4.50 million tonnages higher than past several years. Meanwhile, global rubber price has moved downward steadily in contrast with the rising quantity of rubber registered during 2014-2018. Moreover, global crude oil price is continued to decline triggered more demand for synthetic rubber rather than para rubber made worst by emerging trade dispute (Trade War) between United States of America and People Republic of China and other counterpart countries that doing business with USA. Those negative factors has sent a repercussion to Thailand as rubber export shipment to China and key trading nations declined casing negative impact to domestic rubber price to fall.

Mr. Krisada further elaborated that in order to resolve rubber price slump and create sustainable rubber price without harming financial disciplinary, we should not solely rely on rubber export since global rubber price is facing downward trend while most of active rubber future traders tend to place their fortune by referring to future trading even when they are trading in domestic market. On the other hand, we should instead stimulate domestic rubber consumption in parallel with realigning rubber supply in order to achieve rubber price stabilization in Thai rubber market.

Therefore, the Agriculture Ministry has outlined urgent remedial measures for Para Rubber Committee and Natural Rubber Committee to consider in order ease rubber farmers' hardship as followed:

1. Introducing alternative supplementary occupations for each individual rubber farmer household as to increase their income during rubber price slump.
2. Scaling down rubber production by encouraging rubber farmers to utilize their para-rubber trees age more than 25 or 15 years which already produced less latex into furniture products that would also gain tax reduction privilege or planting field crops to earn additional income around rubber plantation areas.
3. Encouraging farmer rubbers to enroll in government initiated scheme "rubber tapping holiday break" lasting for 1-2 months which will immediately decrease rubber quantity of 5 million tonnages a month in order to shore up short term price of rubber in future market which often involve price speculation practice. If implement with success, the rubber price will definitely appreciate significantly. If more than 80% of rubber farmers nationwide agreed with the proposed idea and measures the Ministry of Agriculture and Cooperatives will instruct Rubber Authority of Thailand to handle the scheme.
4. Seeking cooperation from private rubber processing company or automotive industry producing vehicle tyre to launch national road safety campaign offering motorists with discounted car tyre while buyers can claim personal income tax from government. Meanwhile, if rubber producers interested to participate in the

government road safety campaign they can also entitle for corporate income tax reduction if they can show proof of receipt that they purchase rubber directly from Rubber Authority of Thailand or Rubber Institution that certified by Rubber Authority of Thailand. Foreign rubber processing firms are also invited to foreign direct invest in rubber processing plant in industrial estate where they can enjoy tax incentive offered by Office of Board of Investment.

5. Increase local consumption of rubber by encouraging state agencies' usage utilizing all form of para-rubber into consumer products before expanding to other rubber intensive used industries. To enhance clarification to the general public and rubber farmers, the Minister of Agriculture and Cooperatives had assigned relevant agencies located in capital and provincial zone as well as Ministerial Inspector-Generals to educate general public with fact through viable communication channel. Emphasis will be focus on informing the public that those urgent measures are specifically designed to alleviate farmers' hardship only.